DIVISION OF TAXATION HIGHLIGHTS

- During fiscal year 2003, the number of taxpayers who chose to file their individual income tax returns using an electronic method rather than paper increased 27% over the previous year. The increase during the previous fiscal year was 23%. Nearly one million tax returns were filed electronically for the 2002 tax year.

- In May of 1999, the Division began publishing on our Web site a listing of businesses and individuals with the largest uncollected New Jersey tax liabilities. During fiscal year 2003, the publishing of these lists of taxpayers, who had previously ignored the Division's attempts to bring them into compliance, generated revenues of $916,000. Since its inception, this program has resulted in collections of $7 million.

- The Division of Taxation and the Division of Criminal Justice have entered into a Memorandum of Understanding (MOU) to streamline investigative procedures in tax fraud cases that involve both Divisions. The MOU allows for the sharing of information, based on certain parameters, between the two Divisions in the course of criminal investigations. The MOU contains clear guidelines established to preserve confidentiality of tax records, while also increasing the ability of state criminal investigators to obtain relevant tax information.

- Major amendments to the Unclaimed Property Law which reduced various abandonment periods from 10, 7, or 5 years to 3 years beginning on July 1, 2002, increased the public's awareness of Unclaimed Property and increased the amount of work of the Unclaimed Property Branch by 700%. As a result of the law change, the Unclaimed Property Branch collected $462,419,836 in cash and $122,785,407 in securities for a total of $585,205,243 in fiscal year 2003. More than $41 million was returned to claimants. Collections were up 200% over fiscal year 2002 when $192,387,108 was collected and $26,839,083 was returned to claimants. It is anticipated that Unclaimed Property will return approximately $60 million to claimants during fiscal year 2004.

- The Office of Criminal Investigation (OCI) completed a 3-year investigation of a tax preparation firm. The investigation resulted in guilty pleas from two defendants to charges of filing fraudulent tax returns. Both defendants were sentenced to probation and prohibited from operating an accounting or tax preparation business, but ongoing investigation revealed that they continued to engage in the preparation of tax returns. The defendants were then sentenced to jail terms for violating the court's orders and were placed on work release. Further investigation revealed that the defendants were still engaged in tax return preparation while on work release. Work release was subsequently revoked and the defendants were remanded to prison. Ultimately, it was discovered that one of the defendants had been systematically stealing from his clients. Guilty pleas were entered for theft by misapplication of $368,161.51 in New Jersey sales tax payments, and theft of $46,051 which had been entrusted to him by an elderly client. The defendant is now serving a 5-year prison sentence.

- During the fall of 2002 the Division instituted a license suppression project for cigarette and motor fuels tax licenses which would be eligible for renewal beginning April 1, 2003. Of the approximately 24,000 license holders, letters were sent to 4,689 in January 2003 advising them that their business tax account showed either delinquent or deficient items and that their license would not be renewed until these items were resolved. As of June 30, 2003, the Division had received payment and/or information which resulted in the release of 2,671 of the 4,689 licensees. Collections attributed to the project totaled $1,585,396.

- In June 2003 the Division launched an online information service, *NJ Tax E-News*, to broadcast taxation news by e-mail. The service, which is hosted by Topica, Inc., a commercial e-mail services provider, allows the Division to distribute information to interested groups quickly and easily without the expenses of printing and mailing. *NJ Tax E-News* messages cover a variety of topics and contain links to publications, including the *New Jersey State Tax News*, and other material recently posted on the Division's Web site. Mailings are targeted according to the user category and area(s) of interest that were chosen by subscribers when they signed up for the service. (Subscribers can modify these choices at any time.) Current user categories are: individual, business, tax practitioner, government employee-NJ, or government employee-outside NJ. Areas of interest include: income tax, property tax relief programs, publications, and sales and use tax. The Division plans to expand *NJ Tax E-News* to include additional topics in the future.

- In November of 1999, the Division became a participant in the Federal Offset of Individual Liability (FOIL) Program which was set up by the Federal Management System (FMS). Through the FOIL Program the Federal government offsets Federal personal income tax refunds against tax deficiencies of participating states. Affected taxpayers are sent notification by certified mail advising them of the intended set-off and giving them 60 days to protest the action. The Division receives payments directly from taxpayers sent in response to the notification, as well as payments from the FMS as a result of the offset. The Division collected revenues of $5.6 million during fiscal year 2003 and more than $28 million since becoming a participant.

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AUDIT

This Activity is responsible for ensuring tax compliance and the collection of outstanding tax liabilities through the examination of information provided on tax returns and by auditing records at the taxpayer's place of business. This Activity consists of five branches: In-State Field Audit, Out-of-State Field Audit, Audit Services, Office Audit, and Individual Tax Audit.

In-State Field Audit

The In-State Field Audit Branch audits businesses to determine if they have complied with their obligations under New Jersey's tax statutes. The audit examination of the taxpayer's accounting records is comprehensive and covers all taxes administered by the Division. In addition, as part of several interstate exchange agreements, information may be obtained for other taxing jurisdictions during the performance of the audit.

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 as well as level the playing field for compliant businesses. To help the Division identify the types of cash businesses that need assistance, a special team does pilot audits and helps develop procedures for other cash initiatives.

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 Chicago (Illinois) and Anaheim (California), with Field telecommuters based in Atlanta, Stamford, Houston, Dallas, and Tampa.

Audit Services

The Audit Services Branch provides audit, technical, and clerical support for every aspect of the Audit Activity. In addition, the Branch administers the Alcoholic Beverage Tax, Cigarette Tax, Motor Fuels Tax, Petroleum Products Gross Receipts Tax, Public Utility Tax, Sales Tax (refunds), Spill Compensation and Control Tax, and the Wholesale Tobacco Products Tax.

The Audit Selection Group provides other Audit Activity Branches with lists of audit candidates. This group processes data from the Division's internal databases, as well as from outside sources such as the IRS, U.S. Customs, alcoholic beverage wholesalers, and various other third parties.

The Audit Billing Group provides billing capabilities for both In-State and Out-of-State Field Audit, Office Audit's corporate desk audits, and all miscellaneous taxes administered by the Audit Services Branch. This process includes making the necessary adjustments to the Division's systems to properly reflect taxpayers' accounts, creating bills, corresponding with taxpayers, applying payments, and transferring files for administrative hearings or securing liabilities for future collection.

The Cooperative Interstate Tax Enforcement Group administers the agreement between New Jersey and New York as it relates to Sales and Use Taxes being charged by vendors doing interstate business. This unit is also responsible for the assessment of Use Tax on taxable purchases which are made out of State, and works with the U.S. Customs Service data in assessing Use Tax that is due on imported goods being brought into New Jersey by both businesses and individuals. It also administers the provisions of the Jenkins Act as it relates to cigarettes being purchased out of State.

The Motor Fuels Group administers the Motor Fuels Tax, Petroleum Products Gross Receipts Tax, and the Spill Compensation and Control Tax. The group is responsible for issuing licenses, determining proper bonding, and issuing refunds. The group conducts office audits, reconciliations of taxpayer accounts, and provides taxpayer services.

The Tobacco and Alcoholic Beverage Tax Group administers the Cigarette Tax, Wholesale Tobacco Products Tax, and the Alcoholic Beverage Tax. The group is responsible for maintaining pricing requirements along with the audit and investigation of any Tobacco Tax related activity.

The Public Utility Tax Unit reviews taxpayer reports, conducts office audits, and maintains taxpayer accounts as they relate to various Energy and Utility taxes.

The Word Processing Unit provides centralized word processing and other clerical support for groups such as Individual Tax Audit, Nexus, and other areas that require assistance with high-volume projects.

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, Savings Institution Tax, various Sanitary Landfill Taxes, Spill Compensation and Control Tax, and the Corporation Income Tax.

The Branch is comprised of nine audit groups. Three 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 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. The Gross Income Tax Audit Section 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 also pursues delinquent resident and nonresident taxpayers separately and in joint projects with other Division branches and the Internal Revenue Service.

Transfer Inheritance and Estate Tax. The Transfer Inheritance and Estate Tax Section is responsible for all phases of the administration of the two taxes, from offering taxpayer services, to auditing, to the issuance of waivers.

TECHNICAL SERVICES

Conference and Appeals

The Conference and Appeals Branch handles taxpayer complaints and protests, and conducts informal administrative hearings.

All incoming protests are evaluated by the Review Section for compliance with the statutory and regulatory provisions for Protests and Appeals. Within the Review Section, the Risk Management Group determines whether the State is at risk relative to the collection of the protested assessment. Taxpayers may be asked either to pay the outstanding assessment, furnish a surety bond, or furnish a letter of credit to stay collection, including the filing of a Certificate of Debt and a “Finding of Responsible Person.”

The Conferences Section provides informal administrative hearings. After the hearing process, conferees issue the Division’s Final Determinations on assessments, notices of individual responsibility for trust fund taxes, denials of refunds, as well as determinations on nonmonetary issues such as nexus, subjectivity determinations, and the denial of organizations’ claims for exempt status.

Final Determinations can be appealed to the Tax Court of New Jersey. The Appeals Section tracks and manages these cases, acting as the Division’s liaison with the Deputy Attorney General assigned to defend the Division of Taxation.

Customer Services Branch

Customer Services is responsible for encouraging voluntary compliance by providing taxpayers with the information and assistance they need to meet their New Jersey tax responsibilities. Additionally, the Branch provides assistance to New Jersey residents in applying for and obtaining property tax rebates they may be eligible to receive. The Customer Services Branch provides assistance through phone services, automated systems, walk-in help, and training and outreach as described below.

- ***Customer Service Center*** is a state-of-the-art telephone facility which can handle over 10,000 calls a day. Agents provide information and assistance on all taxes and programs administered by the Division of Taxation.
- ***NJ Income Tax TeleFile*** is a quick, easy, and convenient way for New Jersey residents to file their income tax returns from a Touch-tone telephone.
- ***NJ WebFile*** provides taxpayers the means to prepare their income tax returns on a personal computer using

the Division's secure Internet site. There is nothing to buy and no filing fees.

- ***NJ SAVER TeleFile*** allows homeowners to file their NJ SAVER rebate applications by phone 24 hours a day/7 days a week during the NJ SAVER filing season.
- ***Automated Tax Information System*** offers taxpayers a wide variety of information and assistance from a Touch-tone phone including the Automated Refund Inquiry System, the Homestead Rebate InfoLine, NJ SAVER InfoLine, New Jersey TaxTalk, and the Forms Request System.
- ***NJ TaxFax*** makes State tax forms and other technical information available to fax machine users.
- ***Trenton Regional Office,*** located in the main lobby of the Taxation Building in Trenton, is a walk-in office for taxpayer assistance.
- ***Training & Outreach*** presents workshops for the public on a variety of topics, provides speakers on New Jersey tax-related matters, and administers the VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) programs.

Information and Publications

The Information and Publications Branch produces informational publications and tax return instructions; responds to taxpayer correspondence and e-mails; resolves problems relating to the various property tax relief benefit programs administered by the Division; mails forms, publications, and other Division material to the public; and provides general technical information via the Web site.

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 Web site.

Correspondence Unit responds to most of the general taxpayer correspondence, both conventional and e-mail, that comes to the Division directly or that is referred here for reply.

Property Tax Relief Programs Unit resolves problems related to the State's Homestead Rebate, NJ SAVER Rebate, 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.

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

Homestead Rebate Eligibility Review Unit is responsible for reviewing the eligibility of selected homestead rebate applications. The unit makes eligibility determinations based on documentation submitted by selected applicants in response to outreach notices.

Regulatory Services

The Regulatory Services Branch drafts rules, regulations, and notices for publication in the *New Jersey Register* and the *New Jersey State Tax News*. It acts as the Division liaison with the Deputy Attorney General assigned to handle Division of Taxation technical and regulatory issues; and provides administrative and enforcement advice to Division management and staff on all tax laws under the jurisdiction of the Division. Further, it drafts proposed legislation; reviews legislation and prepares comments; provides technical assistance in the implementation of new tax laws; analyzes, researches, and responds to all taxpayers' inquiries and requests for technical advice or letter rulings; and issues Technical Bulletins.

The Branch is charged with the responsibility of coordinating the processing of all Division rules and notices. The Administrative Practice Officer within the Branch 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*.

Exempt Organization Unit processes and makes determinations on applications for Sales and Use Tax Exempt Organization Certificates.

COMPLIANCE

Special Procedures

The Special Procedures Branch is responsible for the collection of overdue tax liabilities. The specific functions of Special Procedures are as follows:

Attorney General Referrals. Whenever the Division has exhausted its collection remedies without success, the case 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.

Bankruptcy. The primary function of the Bankruptcy Section is to collect delinquent taxes from debtors who have filed for protection under Federal or State Insolvency Statutes by submitting Proofs of Claim to the appropriate courts of jurisdiction.

Bulk Sales. The Bulk Sales Section is responsible for examining the tax records of each business which disposes of its assets either by sale, transfer, or assignment, other than in the normal course of business. This area also issues Tax Clearance Certificates for Transfer of Retail Alcoholic Beverage Licenses.

Closing Agreements. This section processes applications for compromise/settlement of tax debts under provisions of the State Tax Uniform Procedure Law.

Judgments. The Judgment Section 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 in New Jersey.

Compliance Services

The Compliance Services Branch provides services to the taxpaying public and the Division of Taxation; and works with other State agencies such as the Division of Motor Vehicles, the State Division of Alcoholic Beverage Control (ABC), and the Lottery Commission.

ABC Clearance Section. This section, working with the State ABC, is responsible for issuing Alcoholic Beverage Retail Liquor License Clearance Certificates to license holders prior to their annual license renewal.

Delinquency Section. This section is responsible for issuing delinquency notifications when taxpayers fail to file required tax returns when due and for securing delinquent returns and payments.

Deferred Payment Section. This section provides a method for taxpayers to repay deficient taxes under formal payment plans and monitors active payment plans to ensure compliance.

Casual Sales Section. This section works with the Division of Motor Vehicles to verify, assess, and collect the appropriate sales tax on purchases of motor vehicles, boats, and aircraft. Out-of-State purchases are also scrutinized.

OSI Liaison. This area is the link to OSI, a private collection agency contracted to collect delinquent and deficient taxes for the Division. They assure that the vendor complies with Division policies and procedures and act as facilitators between Division and OSI personnel.

This Branch is also responsible for the following programs: ***Vendor Set-Off,*** a program that intercepts monies due to State vendors for services rendered and applies the payments to deficient and delinquent taxes owed by the vendor; ***SOIL,*** Set-Off of Individual Liability, a program that withholds income tax refunds and property tax rebates from taxpayers who have tax debts; ***FOIL,*** Federal Offset of Individual Liabilities, a program that withholds Federal income tax refunds and applies them against State tax liabilities; ***Lottery***, a project that verifies to the New Jersey Lottery Commission that prospective lottery agents are current in their taxes; and ***CATCH***, Citizens Against Tax Cheats, that handles reports received about those suspected of not paying, reporting, or collecting taxes.

Taxpayer Accounting

The Taxpayer Accounting Branch issues bills for underpayment of tax and penalties and interest, reviews bills and refund or credit requests for accuracy, adjusts accounts to correct errors, and responds to taxpayers’ inquiries regarding the status of their accounts.

Taxpayer Accounting is comprised of the Correspondence and Review Sections for personal income tax, a Business Tax Section, and a Support Section. The Branch is also very heavily involved in the Property Tax Reimbursement, NJ SAVER Rebate, and Homestead Rebate Programs; and staffs a Tax Practitioner Hotline for tax practitioners who are unable to resolve client problems through normal channels.

Field Investigations

The Field Investigations Branch is responsible for collections, post-judgment civil enforcement, canvassing, and investigation work. Branch personnel work from six field offices around the State. Walk-in taxpayer services are available at five of these locations.

Civil Tax Enforcement involves personal contact with businesses and individuals to secure delinquent tax returns and tax underpayments. When necessary, the process involves recording Certificates of Debt (CODs), which are administrative judgments, with the New Jersey Superior Court followed by identifying and locating assets in order to levy, seize, and finally sell those assets at public auction. Taxpayers are encouraged to set up payment plans to avoid the seizure and sale of business and personal assets. Questionable business or financial activity is referred to Audit or to the Office of Criminal Investigations.

Municipal Court Program permits the prosecution of some tax violations, such as chronic failure to file or pay sales tax or income tax, as disorderly persons offenses in Trenton Municipal Court. Restitution is required in addition to payment of court fines and costs. Probation may be ordered instead of jail time.

Canvassing of businesses operating from fixed and transient sites is a major tool to discover vendors who are not registered to do business or are otherwise not in tax compliance. Weekend canvassing and the use of jeopardy assessment authority at flea markets, special events, and art and craft shows have been important enforcement tools used against the underground cash economy.

Taxpayer Services is available to the public and to tax practitioners who call or walk into the field offices. Taxpayers can obtain business and income tax forms as well as copies of various tax information publications, receive assistance with tax form preparation and business registration, and get answers to tax questions. Payments for tax liabilities and completed tax forms are also accepted.

Special Projects

The Special Projects Branch focuses on transient out-of-State vendors whose business activity in New Jersey creates nexus and triggers a tax obligation in this State. Branch investigators work with Division of Taxation auditors as well as various State and Federal agencies to identify potential noncompliance and to enforce our tax laws.

Investigators utilize the authority granted in N.J.S.A. 54:49-5 and 54:49-7 to make a jeopardy assessment and demand immediate payment. Failure to satisfy a jeopardy assessment may result in immediate seizure of available assets. Companies subject to the jeopardy assessment process have ninety (90) days from the date of the action to appeal the jeopardy assessment.

In fiscal year 2003, the activities conducted by Special Projects investigators have resulted in 1,711 new businesses registering with the Division and collections of $13,802,973.

Two examples of successful Special Projects Branch activities are:

Construction Project: Construction sites are monitored to ensure that all contractors are in compliance with tax requirements. All material purchased from out of State is subject to use tax. All out-of-State businesses are required to register. This initiative resulted in collections of $5,359,899.

Compliance Surveillance: Special Projects investigators conduct surveillance at various locations in New Jersey in order to identify nonregistered companies operating in the State. The surveillance is conducted at border crossings, industrial parks, and shopping centers. This project resulted in collections of $3,052,885.

PROPERTY ADMINISTRATION

Property Administration consists of two branches: Local Property and Unclaimed Property. The activities of the Local Property Branch concern real and certain personal property, and those of Unclaimed Property pertain to intangible personal property and safe deposit box contents.

Unclaimed Property

The Unclaimed Property Branch is responsible for maintaining records of unclaimed property in the protective custody of the State. Unclaimed property consists of financial assets such as savings accounts, wage checks, life insurance policies, dividends, stocks, and bonds. Property is "unclaimed" when it cannot be paid or delivered to the apparent owner, and there is no communication between the holder and the apparent owner for a specified abandonment period. Any "Holder" of property belonging to another is required to turn that property over to the State Treasurer when it is presumed to be abandoned.

Audit Section conducts compliance audits of major corporate holders of unclaimed property. Corporate entities audited include insurance companies, banks, brokerage firms, mutual funds, retailers, utilities, etc. The State also contracts with two audit firms for out-of-State holders.

Operations

Holder Reporting Unit receives reports from holders of unclaimed property that meets the abandonment criteria. The report section works with holders to assure the accuracy of reports and their correct entry into the electronic system. This unit assists holders in complying with unclaimed property laws.

Administration Unit oversees the fiscal activity for Unclaimed Property. Furthermore, the unit is responsible for financial reporting to the Office of Management and Budget for five trust funds, assuring compliance with various statutes. It also does the accounting for the securities portfolio and provides checks and balances of payments for all security- and cash-related claims.

Claims Processing Unit receives all claims for the return of unclaimed property, researches and validates the claims, and processes payments.

Intestate Estates Unit supervises and oversees the administration of intestate (no will, no apparent heir) estates through the court appointment of an administrator. If the search for heirs is unsuccessful, the administrator turns over proceeds to the State, minus estate expenses and statutory fees.

Owner Outreach Unit reunites reported owners with their assets. This is achieved through legal advertisement, Internet listings, attendance at public venues, speaking at professional seminars, and the media. This proactive effort also serves to enforce compliance by creating more awareness of the Unclaimed Property Program.

Safekeeping Unit assures the timely and accurate inventory, processing, and marshalling of unclaimed tangibles found in safekeeping repositories. Owners' contents are returned to their rightful owners or auctioned.

Local Property

Policy and Planning

Correspondence/Exemptions/Legislative Analysis Unit reviews and prepares comments on proposed legislation concerning property tax issues; develops procedures for uniform application of senior citizens' and veterans' deductions; handles issues on property tax exemption matters; oversees the administration of the Farmland Assessment Act of 1964; prepares written guidelines, materials, and regulations on various property tax programs and statutes for use by assessors; and responds to general taxpayer inquiries, correspondence, and legislative referrals regarding property tax matters.

Revaluations/Reassessments/Continuing Education Unit reviews and approves revaluation, reassessment and compliance programs and contracts; certifies the dollar amounts for State reimbursement to local taxing districts for property tax deductions; and administers assessors' continuing education and recertification programs.

County Tax Board Compliance/Assessor Exam/Realty Transfer Fee Unit responds to inquiries on realty transfer fees 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 Assessors' Certification Exams; prepares written guidelines and materials on various property tax programs and statutes for use by county tax board members and administrators.

Local Assessment Compliance

Railroad Property Unit classifies, assesses, and taxes railroad properties; assesses and computes Railroad Franchise Tax; and determines railroad replacement revenues for municipalities in which railroad property is located.

Tax Maps Unit reviews and approves municipal tax maps for conformance to current specifications and as required for municipal revaluations.

Local Assessor Compliance Unit provides assistance to 566 municipal assessors in solving routine and difficult administrative problems and also reviews certain information that pertains to municipal tax assessors. The unit also conducts periodic inspections of tax assessors' offices for compliance with statutory responsibilities, in particular, municipalities that are reimbursed by the State for granting qualified senior citizens' and veterans' property tax deductions.

Field Assistance
Field Assistance and Appraisal Field Staff investigate SR-1As for sales ratio purposes; gather and verify data for the Table of Equalized Valuations; in cooperation with the Deputy Attorney General assigned to Division of Taxation matters, defend the Table of Equalized Valuations at appeal; perform audits and investigations relating to local property matters; assist the Transfer Inheritance Tax Bureau with appraisals for inheritance tax purposes; and maintain the Real Property Appraisal Manual for New Jersey Assessors. (Special studies and investigations are conducted as required to meet unusual or unique circumstances.)

Sales Ratio oversees the Assessment-Sales Ratio Program 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.

Technical Support provides assistance to county boards of taxation with electronic transmission of sales data, rules and regulations regarding changes in response to legislative changes affecting equalization, preparation of the county abstract of ratables, county equalization tables; and coordinates transmissions of data with data centers and county tax boards.

Property Administration personnel are members of the County Tax Board and Tax Assessors' Educational Committees and take a leadership role in training, education seminars, and courses which provide procedural information on all aspects of local property administration aimed at improving the performance of county boards and assessors.

TECHNICAL SUPPORT

This Activity provides the Division of Taxation with the technological assistance required to administer the New Jersey State tax laws. These services include the development and management of the Division's tax systems; the design and procurement of all tax forms and applications; the procurement, installation, and maintenance of computer hardware and software; the maintenance and updating of the Division's Web site; and the technical training of Division employees.

Additionally, Technical Support has responsibility for telecommunications, including the Wide Area Network (WAN), the fiber optic equipment, and micro-based systems that support applications throughout the Division. Technical Support personnel interact with representatives of other State and Federal agencies as well as outside vendors to provide these services in the most efficient manner possible. The activity is responsible for implementing new technological developments that are consistent with and that enhance the mission of the Division.

The Technical Support Activity is comprised of two branches: Business Tax Systems and MIS Support Branch, and Individual Tax Systems and IT Support Branch.

Business Tax Systems and MIS Support

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

Forms is responsible for the design and specifications of New Jersey State tax forms, applications, and many related publications. The analysts work in conjunction with the Division of Revenue to ensure that all of the form requirements are met for the processing of the documents. The analysts coordinate with the Division of Purchase and Property and printing contractors to provide quality products consistent with these requirements. Other duties include attending bidders' conferences, performing site inspections of vendor production facilities, and supervising the production process to ensure quality control.

TULIPS & TAXNET Help Desk. This group possesses expertise in the various tax and data systems designed for use within the Division. It is their responsibility to assist Division personnel on a daily basis in resolving problems they encounter with these systems. They are also responsible for performing table and file maintenance for the various systems, and the management of automated case flow for various collection activities.

Business Tax Systems and Corporation Tax analysts are responsible for maintenance and enhancements of existing tax systems and the development of new systems. These groups coordinate their efforts with the Office of Information Technology (OIT) in order to ensure that the operational needs of the Division are met. They provide technical assistance to Division personnel and aid in problem resolution with respect to the various systems. These analysts also act as liaisons for the Division with other State, Federal, and local agencies as required.

Individual Tax Systems and IT Support

The responsibilities of this Branch are divided into four major areas:

Individual Tax Systems. Analysts from this unit 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 design all income tax forms and applications for the property tax relief programs.

Web Development and Training. This team develops and maintains the Division's Web and Intranet sites. They are also responsible for designing and conducting internal technical training for desktop software applications and other systems used Division-wide. PowerPoint and other media presentations are created by this unit for use by Division management.

Network and Desktop Support. This unit administers the Division's WAN and is responsible for ensuring the availability of all network devices and services, including the Division's e-mail system and remote access for all field office employees. In addition, they provide desktop hardware and software support by troubleshooting and repairing PCs and related devices.

Application Development. This unit develops and maintains network-based computer applications and systems for Audit, Compliance, and other areas throughout the Division.

CHIEF OF STAFF

The Office of the Chief of Staff is responsible for representing the Division of Taxation throughout State government concerning administrative matters, as well as providing Division-wide support in the area of Management Services. The Office of the Chief of Staff works in conjunction with the Department of Treasury's Fiscal Office, Human Resources, and Department of Personnel to provide internal controls and facilitate requests regarding budgetary needs, 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 in Anaheim and Chicago. 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.

Property & Forms. Responsible for the distribution of forms and supplies to the entire Division, as well as managing and maintaining the Division's surplus property, equipment, and forms inventories.

Mail Services. Responsible for the pickup, sorting, recording, and delivery of mail for the Division, including field offices.

Records Management. Responsible for the Division's records management and storage. Maintains a records placement and tracking system that enables Division personnel to retrieve documents and files quickly and efficiently.

OFFICE OF CRIMINAL INVESTIGATION

The Office of Criminal Investigation is responsible for the investigation of alleged criminal violations of the State tax code. In addition, the responsibility of internal security and internal control assessment falls within the jurisdiction of this area.

The Office of Criminal Investigation (OCI) develops cases that indicate criminal violations and willful intent to evade the tax laws of the State of New Jersey. Based on the findings of the investigation, OCI makes recommendation for criminal prosecution to the State Attorney General's Office, or to the county prosecutor's office. Cases are generated from projects within OCI, referrals from other areas of the Division, participation in joint investigations with prosecutors' offices and other law enforcement agencies, and concerned citizens.

OCI works closely with prosecutors and investigators at all governmental levels. Liaison activities are encouraged, and joint investigations are conducted in cases dealing with economic and financial crimes that have tax compliance consequences. Currently, OCI is actively involved in cooperative efforts with the Federal Bureau of Investigation, the U.S. Attorney's Office, the U.S. Postal Inspection Service, and states within the Northeast Corridor.

Cigarette Tax. Special agents assigned to OCI have the statutory authority to investigate violations of New Jersey's Cigarette Tax laws such as the sale of unstamped cigarettes, smuggling, and counterfeiting.

Motor Fuels Task Force focuses on the willful evasion of Motor Fuels Tax and Petroleum Products Gross Receipts Tax. The Motor Fuels Task Force is comprised of personnel from the Division of Taxation, the New Jersey State Police, and the Division of Criminal Justice.

Criminal Tax Units investigate allegations of criminal tax fraud related to any New Jersey taxing statute other than those mentioned above. Cases are developed and referred for prosecution to the State Attorney General's Office or to a county prosecutor's office.

Internal Security Unit handles sensitive matters, including integrity investigations, background investigations of prospective employees, and assaults and threats made by persons attempting to impede the functions of the Division. The unit also provides training to enable new employees to recognize possible compromising situations.

OFFICE OF REVENUE AND ECONOMIC ANALYSIS

The Office of Revenue and Economic Analysis is responsible for providing revenue estimates of 13 major revenue sources which account for 90% of the State Budget. The Office also monitors New Jersey economic conditions, provides revenue analyses of proposed legislation, evaluates tax policy initiatives, and provides research support to the Treasurer's Office.

COUNSEL TO THE DIRECTOR

Disclosure

The Disclosure office performs many administrative duties, including responding to internal and external requests for tax records, and recommending and implementing exchange agreements with other agencies. Some of the agencies Disclosure works with include the Internal Revenue Service, New Jersey State Police, Division of Criminal Justice, Division of Gaming Enforcement, and other states through their Departments of Revenue/Taxation. Through this activity the Division of Taxation, as well as other taxing agencies throughout the United States, have been able to locate and identify tax evaders who cross state lines.

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

Office of Legislative Analysis

The Office of Legislative Analysis (OLA) 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 likely to be scheduled for legislative action; it 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. Additionally, OLA monitors legislative activity, keeps track of when bills affecting the Division are scheduled for committee or house action, and follows the progress of each bill as it proceeds through the legislature. OLA works closely with the Treasurer's Office and, when a bill is enacted into law, it often initiates and participates in the implementation process.

Counsel to the Director also serves as liaison to the Attorney General's Office.

Table 1—Major State Tax Collections (Net)
Fiscal Years 2001–2003

Tax Source	2003[1]	% of Total	2002	% of Total	2001	% of Total	% Change 2002–03
Collected by the Division:							
Alcoholic Beverage (General Fund)	$ 83,075,191	0.4%	$ 81,280,499	0.5%	$ 79,889,112	0.4%	2.2%
Cigarette (including dedicated fund)	633,536,846	3.3	391,228,753	2.2	383,403,845	2.0	61.9
Corporation:							
Corporation Business[2]	2,525,446,781	13.0	1,171,456,857	6.5	1,389,486,310	7.3	115.6
CBT Banks & Financials	128,451,019	0.7	41,649,356	0.2	51,971,516	0.3	208.4
Domestic Security Fee[3]	19,080,533	0.1	–		–		
Environmental Taxes:							
Landfill Closure and Contingency	2,026,016	0.0	1,910,917	0.0	2,111,316	0.0	6.0
Litter Control	13,552,543	0.1	2,946,956	0.0	13,104,011	0.1	359.9
Public Community Water Systems	3,033,912	0.0	2,994,626	0.0	3,252,874	0.0	1.3
Solid Waste Services	5,368,534	0.0	4,081,230	0.0	4,696,330	0.0	31.5
Spill Compensation	15,093,332	0.1	14,782,033	0.1	17,159,860	0.1	2.1
Gross Income	6,735,282,357	34.6	6,836,992,402	38.2	7,989,222,227	42.2	– 1.5
Insurance Premiums	373,276,259	1.9	345,816,449	1.9	309,148,964	1.6	7.9
Miscellaneous Revenues	905,691	0.0	13,030,294	0.1	1,619,192	0.0	– 93.0
Motor Fuels	530,956,596	2.7	523,818,533	2.9	516,413,282	2.7	1.4
Petroleum Products	214,417,697	1.1	219,700,547	1.2	215,811,270	1.1	– 2.4
Public Utility Excise	9,549,773	0.0	9,876,021	0.1	8,851,642	0.0	– 3.3
Railroad Franchise	1,097,901	0.0	7,689	0.0	400,446	0.0	N/A
Railroad Property	3,134,560	0.0	3,303,490	0.0	3,145,771	0.0	– 5.1
Sales:							
Sales and Use	5,936,057,141	30.5	5,996,839,407	33.5	5,758,670,303	30.5	– 1.0
Atlantic City Lux & Promo (Loc. Use)	25,029,066	0.1	25,926,411	0.1	25,736,744	0.1	– 3.5
Tobacco Products Wholesale	9,292,175	0.0	15,627,272	0.1	14,109,870	0.1	– 40.5
Cape May County Tourism (Loc. Use)	3,105,589	0.0	3,503,632	0.0	3,237,115	0.0	– 11.4
Casino Parking Fee	15,545,375	0.1	15,638,832	0.1	14,849,759	0.1	– 0.6
Savings Institution	9,485,029	0.0	10,556,862	0.1	3,859,609	0.0	–10.2
Transfer Inheritance and Estate	445,310,855	2.3	510,367,419	2.9	478,061,055	2.5	– 12.7
Taxes Collected by the Division	$17,741,110,770	91.1%	$16,243,336,485	90.7%	$17,288,212,423	91.4%	9.1
Collected Outside the Division:							
State Athletic Control Board (tot. rev.)	$ 847,231	0.0%	$ 389,352	0.0%	$ 179,951	0.0%	117.6
Casino Revenue	348,552,307	1.8	350,776,779	2.0	341,990,747	1.8	– 0.6
Casino Control	65,386,670	0.3	62,221,650	0.3	57,313,087	0.3	5.1
Lottery	765,401,159	3.9	754,549,833	4.2	697,397,293	3.7	1.4
Motor Vehicle Fees	445,691,783	2.3	404,162,549	2.3	444,280,632	2.3	10.3
Outdoor Advertising (total revenue)	1,558,958	0.0	1,619,318	0.0	1,646,875	0.0	– 3.7
Realty Transfer	109,278,544	0.6	90,003,903	0.5	79,061,773	0.4	21.4
Taxes Collected Outside the Division	$ 1,736,716,651	8.9%	$ 1,663,723,385	9.3%	$ 1,621,870,358	8.6%	4.4
Total Major State Tax Collections	**$19,477,827,422**	**100.0%**	**$17,907,059,870**	**100.0%**	**$18,910,082,781**	**100.0%**	**8.7%**

[1]The 2003 figures are subject to adjustment.
[2]Includes CBT-energy and Corporation Income Tax (FY ’01 only).
[3]Domestic Security Fee initiated on August 1, 2002.
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
Alcoholic Beverage Tax	54:41-1 *et seq.*
Atlantic City Casino Parking Fee	5:12-173.1 to 173.5
Atlantic City Luxury Sales Tax	40:48-8-15 *et seq.* 54:32B-24.1 *et seq.*
Atlantic City Tourism Promotional Fee	40:48-8.45 *et seq.*
Cape May County Tourism Sales Tax	40:54D-1 to 10
Cigarette Tax	54:40A-1 *et seq.* 56:7-18 *et seq.*
Corporation Business (Net Income and Net Worth) Tax	54:10A-1 *et seq.*
CBT Banking Corporation	54:10A-1 *et seq.*
CBT Financial Corporation	54:10A-1 *et seq.*
Corporation Income Tax	54:10E-1 *et seq.*
Gross Income Tax	54A:1-1 *et seq.*
Domestic Security Fee	App.A:9-78
Homestead Rebate	54:4-8.57 *et seq.*
Insurance Premiums Tax	54:16-1 *et seq.* 54:16A-1 *et seq.* 54:17-4 *et seq.* 54:18A-1 *et seq.*
Landfill Closure And Contingency Tax	13:1E-100 *et seq.*
Litter Control Fee	13:1E-213 *et seq.*
Local Property Tax	54:4-1 *et seq.*

Tax	N.J.S.A. Citation
Motor Fuels Tax	54:39-1 *et seq.*
NJ SAVER Rebate	54:4-8.58a and 54:4-8.58b
Petroleum Products Gross Receipts Tax	54:15B-1 *et seq.*
Property Tax Reimbursement	54:4-8.67 *et seq.*
Public Community Water System Tax	58:12A-1 *et seq.*
Public Utility Taxes:	
Public Utility Excise, Franchise and Gross Receipts Taxes	54:30A-49 *et seq.*
Railroad Franchise Tax	54:29A-1 *et seq.*
Railroad Property Tax	54:29A-1 *et seq.*
Realty Transfer Fee	46:15-5 *et seq.*
Sales and Use Tax	54:32B-1 *et seq.*
Savings Institution Tax	54:10D-1 *et seq.*
Solid Waste Services Tax	13:1E-1 *et seq.*
Spill Compensation And Control Tax	58:10-23.11 *et seq.*
Tobacco Products Wholesale Sales and Use Tax	54:40B-1 to 14
Transfer Inheritance And Estate Taxes:	
Transfer Inheritance	54:33-1 *et seq.*
Estate	54:38-1 *et seq.*
Transitional Energy Facility Assessment	54:30A-100 *et seq.*
Uniform Transitional Utility Assessment	54:30A-114 *et seq.*

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

Type of Beverage	*Rate per Gallon*
Beer	$0.12
Liquor	$4.40
Still Wine, Vermouth, Sparkling Wine	$0.70

P.L. 1997, C. 153, reduced the tax rate on hard apple ciders containing between 3.2% and 7% of alcohol by volume from $0.70/gallon to $0.12/gallon, effective November 1, 1997. Hard apple cider containing over 7% alcohol by volume is taxed at $0.70 per gallon.

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 Parking Fee

Description

Casino parking facilities in Atlantic City are required under P.L. 1993, C. 159, to impose a minimum charge for a space used for parking, garaging, or storing a motor vehicle in a parking facility or property owned or leased by a casino hotel or by any person on behalf of a casino hotel licensed under the “Casino Control Act.”

Rate

The minimum charge for use of a parking space increased to $3 a day effective July 1, 2003, pursuant to P.L. 2003, C. 116. The fee is due only once per day per vehicle.

Disposition of Revenues

The fees collected will be placed in a special fund held by the State Treasurer. The funds will then be available to the Casino Reinvestment Development Authority to finance public improvements in the Atlantic City area.

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 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 may not exceed 12%.

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/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 6% State sales tax. Thus, sales subject to the Cape May Tourism and the State sales tax are taxable at 8%.

"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
Effective July 1, 2003, the tax rate is $2.05 per pack of 20 cigarettes. Formerly, the tax was $1.50 per pack of 20 cigarettes.

A distributor is allowed a .002195% 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. 1998, C. 264, initial collections of $155 million are deposited in the Health Care Subsidy Fund.

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 tax years beginning in calendar year 2002 and thereafter, the minimum Corporation Business Tax is $500 or $2,000 for all members of a controlled or affiliated group of corporations if the aggregate annual payroll for all corporations is $5 million or more. Rates for New Jersey S corporations were also changed in 2002. New Jersey S corporations with an entire net income of $100,000 or less are still subject to the minimum tax, but if entire net income exceeds $100,000, the rate for 2002 through 2006 is 1.33%.

For accounting years beginning on and after January 1, 2002, the present 7.5% Corporation Business Tax rate for corporations with entire net income of $100,000 or less is further reduced to 6.5% for corporations with entire net income of $50,000 or less.

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 1¾% 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:

Effective Date	*Rate*
January 1, 1959 (C. 63, P.L. 1958)	1¾%
January 1, 1967 (C. 134, P.L. 1966)	3¼
January 1, 1968 (C. 112, P.L. 1968)	4¼
January 1, 1972 (C. 25, P.L. 1972)	5½
January 1, 1975 (C. 162, P.L. 1975)	7½
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 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. 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). Chapter 175 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), 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). Electric and telephone companies are now subject 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."

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 initial year 2002, a 50% prepayment towards 2003 is also required with the 2002 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.

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.

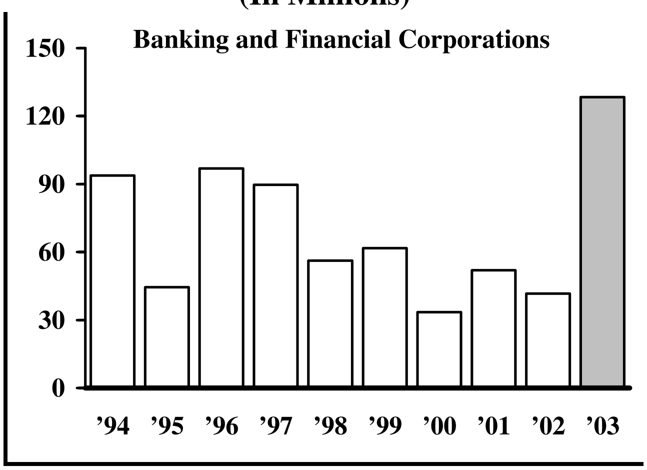
Chapter 170, P.L. 1975, provides that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes shall be the greater of (1) the amount which such banking corporation paid in calendar year 1975 as Bank Stock Tax, or (2) a sum equal to total of taxes paid 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
1994	93,738,713
1995	44,499,198
1996	96,860,000
1997	89,716,792
1998	56,234,674
1999	61,716,112
2000	33,483,692
2001	51,971,516
2002	41,649,356
2003	**128,451,019**

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.

Deferred Predissolution Payment

Chapter 367, P.L. 1973, approved in 1974, eliminated the requirement for a certificate to be obtained in the case of merger or consolidation involving a domestic or foreign corporation qualified to transact business in New Jersey. It also provided alternatives to actual payment of taxes, or payment on account of such taxes by providing in lieu thereof, for a written undertaking to be given by a domestic corporation, or a foreign corporation authorized to transact business in New Jersey, to pay all taxes when payable on behalf of a corporation which otherwise would have to pay all taxes prior to taking certain corporate actions.

Allocation Factor

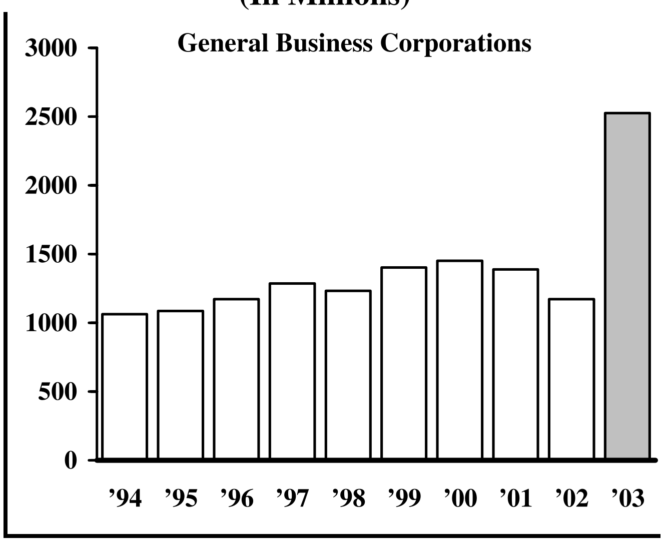
If a taxpayer has a regular place of business outside New Jersey, its tax liability is measured by net income allocated to New Jersey, according to a three-fraction formula based on an average of property, payroll, and sales, which is counted twice. The factor is computed by adding the percentage of the property and payroll fractions, and a fraction representing two times the sales receipts, and dividing the total by four.

The Business Tax Reform Act (P.L. 2002, C. 40) imposes a “throwout rule” on corporations apportioning income outside the State. The tax effect of the throwout rule on an affiliated or controlled group having $20 million or more in net income is capped at $5 million.

Chapter 40, P.L. 2002 also 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.

The use of net operating losses is suspended for tax years 2002 and 2003.

Corporation Business Tax Collections (In Millions)



Fiscal Year	Collections
1994	1,063,141,745
1995	1,085,502,032
1996	1,171,509,159
1997	1,286,447,475
1998	1,231,629,172
1999	1,402,906,622
2000	1,452,135,808
2001	1,389,486,310
2002	1,171,456,857
2003	**2,525,446,781**

Corporation Income Tax

Description

Corporation Income Tax applied to corporations deriving income from sources within the State which are not subject to the tax imposed under the Corporation Business Tax Act. However, the tax became practically obsolete due to Corporation Business Tax regulations as well as New Jersey's adoption of the Multistate Tax Commission's guidelines and the U.S. Supreme Court decision, *Quill Corp. v. North Dakota,* 112 S.Ct. 1904 (1992), as well as the New Jersey Tax Court decision in *Pomco Graphics v. Division of Taxation,* 13 N.J. Tax 578 (1993).

Rate

The Corporation Income Tax was repealed, applicable to privilege periods or taxable years beginning after 2001. Previously, the tax was imposed at the rate of 7¼% of entire net income as allocated to New Jersey.

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 $2.00 per day rental fee applies to the first 28 days of a rental agreement for a rental motor vehicle with the same renter; thus, the maximum rental fee in the aggregate is $56.00 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.

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, 1996, range from 1.4% – 6.37%.

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) pay 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) pay 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) pay 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 households, 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 households, and surviving spouses).

Exemptions
- Taxpayer, $1,000.
- Taxpayer's spouse who does not file separately, $1,000.
- Taxpayer 65 years old or more, additional $1,000; same for spouse age 65 or older who does not file separately.
- Blind or totally disabled taxpayer, additional $1,000; same for blind or totally disabled spouse 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.

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 bears to the taxpayer's entire New Jersey income.
- Amounts withheld by an employer and payments of estimated tax.
- Amounts paid by an S corporation on behalf of a shareholder.
- Amounts paid by a partnership on behalf of a partner.
- New Jersey Earned Income Tax Credit.
- Excess unemployment and disability insurance contributions withheld.
- Property tax credit (or deduction).

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 $20,000 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 residents’ 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. The new tax rates 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 households, 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 now 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, increases 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 are $17,500, $8,750, and $13,125. For tax year 2003 and later, the exclusion amounts will be $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, establishes 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 at least one "qualifying child" for purposes of the Federal Earned Income Credit and must have 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.

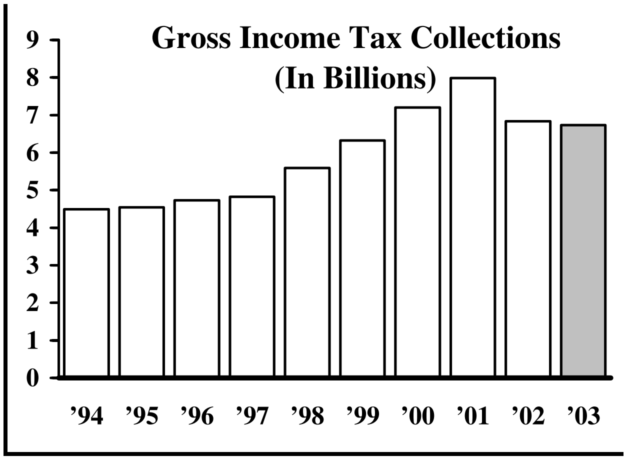
Under P.L. 2001, C. 93, qualified deposits into or withdrawals from an "individual development account" (established under the New Jersey Individual Development Account Program and 42 U.S.C. s. 604(h) for an "eligible individual"), including interest earned on such accounts, are exempt from gross income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

Effective beginning with the 2002 tax year, C. 162. P.L. 2001, increases 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, creates a tax credit for qualifying first-time homebuyer-occupants who have purchased residential property in a qualifying municipality during the municipality's "period of economic recovery."

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



Fiscal Year	Collections
1994	4,493,659,929[1]
1995	4,540,081,765[2]
1996	4,733,786,100[3]
1997	4,825,410,635
1998	5,590,578,933
1999	6,323,893,129
2000	7,205,260,486
2001	7,989,222,227
2002	6,836,992,402
2003	**6,735,282,357**

[1] Rates reduced by 5% (to 1.9% – 6.650%) effective January 1, 1994.
[2] Rates reduced to 1.7% – 6.58% effective January 1, 1995.
[3] Rates reduced to 1.4% – 6.37% effective January 1, 1996.

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 Budgets adopted by the Legislature 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 does not pay 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.

On April 15, 1999, the NJ SAVER and Homestead Rebate Act (C. 63, P.L. 1999) created a new, direct property tax relief program to be phased in over five years beginning in 1999. Under the provisions of this new act, homeowners who qualify for both the homestead rebate and the NJ SAVER rebate will receive either the homestead rebate or the NJ SAVER rebate, depending which program provides the greater benefit.

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 are 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 are 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 will 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 are 65 or disabled to $100.

Under State Budget provisions for fiscal year 2003 (P.L. 2003, Chapter 122, approved July 1, 2003), homestead rebates paid in 2003 were not adjusted by the cost-of-living increase.

Insurance Premiums Tax

Description

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

Rate

With a few exceptions, the tax rate is 2% of the premiums collected on insurance risks in this State. Major exceptions include group accident and health insurance premiums (1%); ocean marine risks (5% of three-year average of underwriting profits); workers' compensation premiums (2.25%). 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. Another .05% is imposed on group accident and health premiums and another .1% on all other insurance premiums, the revenues being dedicated to the Department of Insurance.

In 1991 the Life and Health Guaranty Association was formed, supported by assessments of up to 2% each year on defined life insurance, annuity, and health insurance accounts. Each member insurer may offset some portion of its assessment against its Insurance Premiums Tax liability.

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.

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 $1.00 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 $^{3}/_{100}$ of 1% (.03%) on all gross receipts from wholesale sales of such products in New Jersey. Retailers are charged at the rate of $^{2.25}/_{100}$ 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.

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 2002 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 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.

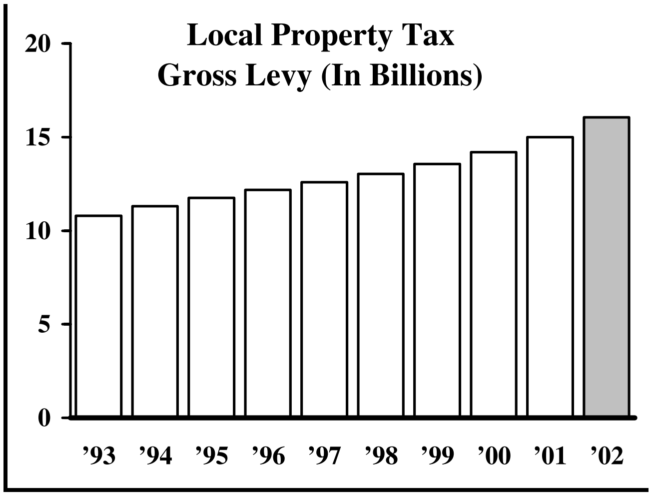
Personal property provisions of Chapter 51, Laws of 1960, were replaced by Chapter 136, Laws of 1966. For taxes payable in 1968 and until 1993, personal property used in business (other than the businesses of local exchange telephone, telegraph, and messenger system companies and other public utilities) 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 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. Wartime service periods were also expanded.



Fiscal Year	Gross Tax Levy
1993	10,757,596,440
1994	11,286,354,001
1995	11,746,914,124
1996	12,177,920,307
1997	12,579,899,717
1998	13,040,191,871
1999	13,558,860,459
2000	14,195,812,735
2001	14,992,785,135
2002	**16,053,021,123**

Motor Fuels Tax

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

Rate
The general motor fuels tax rate is $0.105 per gallon of gasoline. A tax of $0.0525 per gallon is imposed on petroleum gas and liquefied or compressed natural 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 (C. 73, P.L. 1984, effective September 1, 1985).

No tax is due from motor fuels sales to the United States or New Jersey government; between licensed distributors; between licensed gasoline jobbers; and for export.

Disposition of Revenues
Certain revenues are credited to a special account in the General Fund and are dedicated from the gasoline 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.

NJ SAVER Rebate Program

Chapter 63, P.L. 1999, approved on April 15, 1999, and known as 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. New Jersey residents, regardless of age or income, who own, occupy, and pay property taxes on a home in New Jersey that was their principal residence on October 1 of any year are eligible to receive a rebate for that year.

The State calculates the rebate on each applicant's home by multiplying the equalized value of a home by the effective school tax rate for the municipality in which the home is located. The equalized value for the calculation cannot exceed $45,000. Since school tax rates vary among municipalities, NJ SAVER rebate amounts will vary. 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 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 adopted by the Legislature for fiscal year 2003 limited NJ SAVER rebates to homeowners earning $200,000 or less and limited rebates to the amounts paid in 2001.

As part of the State Budget for fiscal year 2004, NJ SAVER rebates 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 NJ SAVER Rebate Program and the Homestead Rebate Program are two separate programs. Eligible applicants will receive either a homestead rebate or an NJ SAVER rebate, whichever provides the higher benefit in their individual case.

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 2¾% 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.

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 Reimbursement Program

Chapter 348, P.L. 1997, approved January 14, 1998, created the Property Tax Reimbursement 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, subject, however, to the provisions of the State Budget for fiscal year 2003 (P.L. 2003, Chapter 122, approved July 1, 2003). Under those provisions, 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.

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.

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 less than $1 million 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 paid.

The realty transfer fee does not apply to the following transfers: consideration of less than $100; by or to the United States government, this State or any subdivision thereof, made solely to provide or release debt security; which confirm or correct a deed previously recorded; on a sale for delinquent taxes; on partition; by a receiver, trustee in bankruptcy or liquidation, or assignee for the benefit of creditors; eligible to be recorded as "ancient deeds"; acknowledged or proved on or before July 3, 1968; between husband and wife or parent and child; conveying a cemetery plot; in specific performance of a final judgment; releasing a right of reversion; transfers on which tax was previously paid; to effect distribution of an estate; between former husband and wife if recorded within 90 days of a final divorce decree. A cooperative form of ownership which is converted into a condominium form of ownership is exempt.

Rate

The realty transfer fee is imposed upon the seller at the rate of $1.75 for each $500 of consideration; an additional fee of $0.75 is imposed for each $500 of consideration in excess of $150,000.

The sale of one- or two-family residential premises owned and occupied by a senior citizen (62 years of age or older), blind person, or disabled person is exempt from the State portion of the realty transfer fee ($1.25 of the $1.75 for each $500 of consideration). The sale of low and moderate income housing as defined by Chapter 225, P.L. 1985, is also exempt from payment of $1.25 for each $500 of consideration of the fee imposed.

Transfers of title to real property upon which there is new construction are exempt from payment of $1 for each $500 not in excess of $150,000. “New Construction” means any conveyance or transfer of property upon which there is an entirely new improvement not previously occupied or used for any purpose.

Disposition of Revenues

The proceeds of the realty transfer fees collected by the county recording officer shall be accounted for and remitted to the county treasurer. An amount equal to 28.6% of the proceeds from the first $1.75 for each $500 of consideration recited in the deed shall be retained by the county treasurer for use of the county and the balance shall be paid to the State Treasurer. The amount retained by the county treasurer for the use of the county equals $0.50 for each $500 of consideration. The rest of the tax revenues, $1.25 for each $500 of consideration, are paid to the State Treasurer for the use of the State. In fiscal year 2003, $109,278,544 was paid to the State Treasurer.

The first $25 million of the State share of the realty transfer fee is dedicated to shore protection projects, the revenue to be deposited in the Nonlapsing Shore Protection Fund.

All amounts paid to the State Treasurer in payment of the additional fee of $0.75 for each $500 of consideration recited in the deed in excess of $150,000 shall be credited to the Neighborhood Preservation Nonlapsing Revolving Fund. In fiscal year 2003, $58,151,129.50 was paid to the State Treasurer and credited to the Neighborhood Preservation Nonlapsing Revolving Fund.

Changes for Fiscal Year 2004

Legislation (P.L. 2003, C. 113) effective July 14, 2003, increased the realty transfer fee rates and also modified the way in which the fees are accounted for and allocated.

Standard Transactions; New Construction

The new realty transfer fee rates for standard transactions and new construction, including a supplemental fee, are:

$2.00 (includes $.25 supplemental fee) / $500 of consideration not in excess of $150,000.

$3.35 (includes $.85 supplemental fee) / $500 of consideration in excess of $150,000 but not in excess of $200,000.

$3.90 (includes $1.40 supplemental fee) / $500 of consideration in excess of $200,000.

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

The new law does not increase the realty transfer fee rates on transfers by senior citizens, blind persons, disabled persons, and on the transfer of property that is low and moderate income housing. Those fees are calculated as follows:

$0.50 / $500 of consideration of $150,000 or less.

$1.25 / $500 of consideration over $150,000.

Sales and Use Tax

Description

Sales and Use Tax applies to receipts from retail sale, rental, or use of tangible personal property; retail sale of producing, fabricating, processing, installing, maintaining, repairing, storing, and servicing tangible personal property; maintaining, servicing, or repairing real property; certain direct-mail services; sales of restaurant meals; rental of hotel and motel rooms; certain admission charges; and telecommunications services.

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 and magazines; casual sales except motor vehicles and registered boats; clothing, except furs; farm supplies and equipment; flags of New Jersey and the United States; unprepared food for off-premises consumption; food sold in school cafeterias; prescription and nonprescription drugs and other medical aids; motor fuels; periodicals and textbooks; professional and personal services; real estate sales; tangible personal property used in research and development; transportation of persons or property; production machinery and equipment.

Rate
The rate of tax is 6% 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%. 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 tax effective January 1, 1978 (C. 217, P.L. 1977).

Production machinery and equipment became exempt from sales 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 tax law at 5% of the minimum consumer resale price (C. 62, P.L. 1980).

Recycling equipment was exempted from sales 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 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” sales tax exemption was revised through C. 314, P.L. 1999.

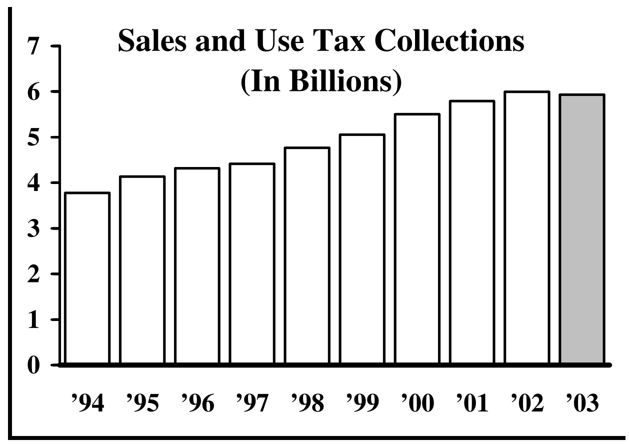
Chapter 365, P.L. 1999, provides sales tax exemptions for certain purchases by flood victims of Hurricane Floyd.

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.



Fiscal Year	Collections
1994	3,778,506,912
1995	4,133,278,016
1996	4,318,372,824
1997	4,415,427,600
1998	4,766,194,660
1999	5,054,437,769
2000	5,508,045,603
2001	5,758,670,303
2002	5,996,839,407
2003	**5,936,057,141**

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 two 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 ten 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 ten 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. Seven new zones were added in 1996: East Orange, Guttenberg, Hillside, Irvington, North Bergen, Pemberton, and West New York. In 2002, three 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).

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 five-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 (3%).

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 (3%).

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.

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.

Solid Waste Services Tax

Description
The Solid Waste Services 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 May 1, 1985.

Rate
The tax rate in 2003 is $1.40 per ton or $0.42 per cubic yard on all solid waste accepted for disposal. The tax rate for solid waste in liquid form is $0.002 per gallon. On the first of January annually the tax rate increases on solids by $0.05 per ton or $0.015 per cubic yard.

Disposition of Revenues
The revenue collected from the Solid Waste Services Tax is deposited in the Solid Waste Services Tax Fund administered by the New Jersey Department of Environmental Protection. Monies in the fund are allocated to the counties based on the amount of waste generated and used for implementing county solid waste management plans.

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 insure 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—greater of $0.015 per barrel or 1% of fair market value plus $0.0025 per barrel;
2. Petroleum products—$0.015 per barrel;
3. Precious metals—$0.015 per barrel;
4. Elemental phosphorus—$0.015 per barrel; and
5. Elemental antimony or antimony trioxide—$0.015 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.

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

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, converts 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.

Rate
The rate of the Tobacco Products Wholesale Sales and Use Tax and the base for calculating the tax changed. The rate is reduced to 30% and is imposed on the invoice price the distributor pays to buy the products from the manufacturer.

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 to a distributor.

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

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 having an aggregate value of $500 or more 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 where inheritance, estate, succession, or legacy taxes paid are less than the Federal credit allowable.

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 immediate family (direct ancestors or descendants—Class A) or spouses. Class C beneficiaries (sibling of decedent, spouse, or widow/er of a child of decedent) are taxed at 11%–16%, with the first $25,000 exempt. Class D beneficiaries (all others) are taxed at 15%–16%, with no tax on bequests 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 that would have been allowable under the provisions of the Internal Revenue Code in effect on December 31, 2001.

During 2001 there was no tax due on Federal taxable estates of less than $675,000. Under the provisions of the Federal Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the applicable 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 Estate Tax is an amount equal to the allowable Federal credit for inheritance, estate, succession, and legacy taxes less the total of such taxes paid to New Jersey, any other state, territory or possession of the United States, or the District of Columbia. For decedents dying after December 31, 2001, the reduction for taxes paid to other jurisdictions is limited to that portion of the credit which bears the same relationship to the total credit as the property subject to tax in the other jurisdiction bears to the property subject to tax in 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;
- Annuities payable to survivors of military retirees; and
- Qualified employment annuities paid to a surviving spouse.

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.

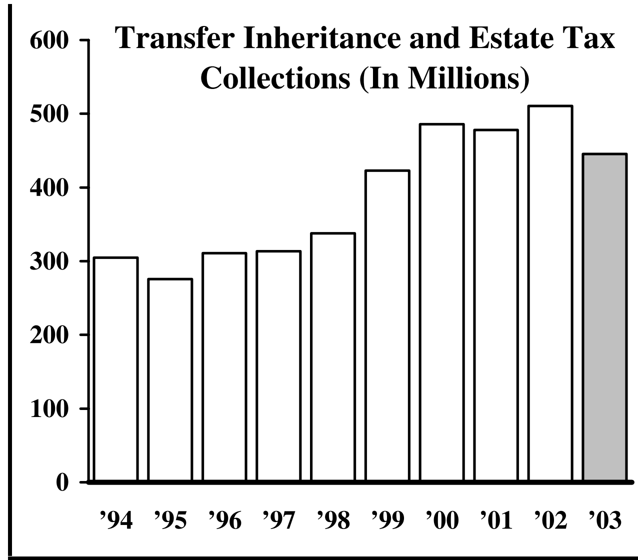
In 1909, legislation was enacted which formed the basis of the present Transfer Inheritance Tax (N.J.S.A. 54:33-1 et seq.).

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.

Chapter 29, P.L. 2000, clarified the calculation of the commissions to which executors are entitled for Transfer Inheritance Tax purposes.

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.



Fiscal Year	Collections
1994	304,770,334
1995	275,823,814
1996	310,655,978
1997	313,447,496
1998	337,679,941
1999	423,015,329
2000	485,948,339
2001	478,061,055
2002	510,367,419
2003	**445,310,855**

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.

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.

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LEGISLATION

Cape May County Tourism Sales Tax

P.L. 2002, C. 72 — Tourism Development District Levies
(Signed into law on August 14, 2002) Authorizes new, and broadens existing, tourism development district levies; revises the uses to which current tourism levies may be put; and allows the Greater Wildwood Tourism Improvement and Development Authority (Authority) to engage in broader tourism marketing efforts.

Under the Act, municipalities in the tourism development district are authorized to impose, in addition to the existing retail receipts tax, a 1.85% tourism assessment on hotel room rentals (including motels, boarding houses, and other transient accommodations). The tourism assessment will be administered by the Division of Taxation and will be collected concurrently with the existing tax on predominantly tourism-related retail receipts.

Proceeds from the assessment will be deposited into a separate fund within the State Department of the Treasury for use by the Authority to pay for certain services provided by a municipality in which a tourism project is located, fund tourism development activities related to the operation and maintenance of public beaches, and support tourism advertisement and promotion.

Additionally, the law removes the current $1,000-per-business limit on tourism development fees and extends these fees to renters of lodgings that are not currently subject to the State sales and use tax; removes bars and restaurants from the category of businesses allowed to offset their tourism development fees by the amount of any tax collected on predominantly tourism-related retail receipts; and exempts businesses that pay the tourism development fee or the tourism assessment from any future State or county room tax, tourism tax, beach fee, or similar tax on tourism-related business.

Finally, the law allows businesses outside of the tourism district to enter into marketing partnerships with the tourism authority. If the businesses agree to make the same payments to the tourism authority that are made by businesses in the tourism district, they can participate in the same marketing services and programs that the Authority provides to businesses in the district.

This law took effect immediately.

Cigarette Tax

P.L. 2003, C. 115 — Rate Increases
(Signed into law on July 1, 2003) Increases the cigarette tax from $.075 to $.1025 per cigarette (from $1.50 to $2.05 per pack of 20). It also specifies that an additional amount of the cigarette tax revenue is to be appropriated for health programs each year. This act took effect immediately.

Gross Income Tax

P.L. 2003, C. 9 — Exemption from New Jersey Gross Income Tax
(Signed into law on January 27, 2003) Exempts from New Jersey gross income tax the income of victims who died in the September 11, 2001, terrorist attacks against the United States.

This act took effect immediately and applies to taxable years ending before, on, or after September 11, 2001.

Litter Control Fee

P.L. 2002, C. 128 — Clean Communities and Recycling Grant Act
(Signed into law on December 20, 2002) Imposes a litter control fee on the gross receipts from sales of litter-generating products within or into New Jersey by manufacturers, wholesalers, distributors, and retailers of such products. The act also revises the Clean Communities Program and makes recycling grants available to counties and municipalities.

The litter control fee replaces the former litter control tax, which expired on December 31, 2000. The rates at which the new user fee is imposed and the categories of litter-generating products to which the fee applies are the same as the rates and litter-generating product categories that were subject to the prior litter control tax. However, Chapter 128 exempts retailers with less than $500,000 in annual retail sales of litter-generating products from the fee (the prior tax had a $250,000 retailer sales exclusion).

The new litter control fee exempts restaurants if more than 50% of their food and beverage sales are for on-premises consumption (restaurants with 50% or more of sales of food and beverages for off-premises consumption are subject to the litter control fee). Also exempt are paper product sales of roll stock produced by paper product manufacturers and wood pulp.

The litter control fee for each calendar year is due on or before March 15th of the following year. The fee applies retroactively to the year beginning January 1, 2002. There was no tax or fee due on the gross receipts from sales of litter-generating products for calendar year 2001.

Local Property Tax

P.L. 2002, C. 51 — County Tax Board Membership
(Signed into law on August 3, 2002) Requires that counties having a population of more than 510,000 shall have county tax boards with five members, no more than three of whom shall belong to the same political party. “Population” means the State population according to the most recent Federal decennial census.

The statute allows the Union County Board of Taxation to increase its membership from three members to five members. Increasing the membership of the tax board to five members is intended to result in increased efficiency in the handling of tax appeals. Chapter 51 took effect immediately.

Miscellaneous

P.L. 2002, C. 35 — Unclaimed Property
(Signed into law on July 1, 2002) Reduces the amount of time (“dormancy period”) private financial organizations and business associations may hold property before transferring it to the State as unclaimed or abandoned property. It also clarifies and expands the types of properties that are to be transferred to the State after the dormancy period has expired. This act took effect immediately.

P.L. 2002, C. 43 — Camden Revitalization
(Signed into law on July 22, 2002) Establishes the “Municipal Rehabilitation and Economic Recovery Act” which attempts to rehabilitate a qualified municipality, namely the City of Camden, and restore its economic vitality, which is necessary for long-term recovery. It provides a pilot program for a limited period of time during which considerable sums of State money will be invested in the qualified municipality with appropriate State supervision by a chief operating officer who is accountable to both city elected officials and the State. The legislation contains a number of tax-related benefits for residents of a qualified municipality and businesses located there.

P.L. 2002, C. 65 — Casinos
(Signed into law on August 14, 2002) Makes several changes to the Casino Control Act and the Casino Reinvestment Act. The law took effect immediately.

P.L. 2002, C. 87 — Brownfield and Contaminated Site Redevelopment Reimbursement Program
(Signed into law on October 22, 2002) Amends the Brownfield and Contaminated Site Remediation Act to expand the redevelopment reimbursement program under which the State and a redeveloper may enter into an agreement to reimburse the developer of a brownfield site for up to 75 percent of the costs of remediating the site.

Reimbursement payments are made from revenues derived from new State taxes generated from the redevelopment of the site. Chapter 87 broadens the category of redevelopers eligible for participation in the program to include developers of residential property, allowing them to receive reimbursement upon completion of the construction of one or more new residences. It also expands the list of taxes that may be considered in estimating the amount of new State revenue to be derived from the redevelopment project. This act took effect immediately.

P.L. 2002, C. 108 — Camden Revitalization
(Signed into law on December 4, 2002) Amends and clarifies the “Municipal Rehabilitation and Economic Recovery Act” (P.L. 2002, C. 43) to ensure an accurate expression of legislative intent. Chapter 43 is currently the subject of litigation contending that it is improper.

As a result, the Legislature has imposed certain criteria limiting the application of Chapter 43 to municipalities that have been or may be subject to oversight by both a financial review board and the Local Finance Board, and which receive at least 55 percent of their budgets from State appropriations, now or in the future.

Chapter 108 clarifies and reaffirms that other similarly situated municipalities may meet the criteria of a qualified municipality. It also establishes a process for determining appropriations and allocations of monies to municipalities other than Camden that meet the definition of a qualified municipality. Chapter 108 took effect immediately and is retroactive to June 30, 2002.

P.L. 2003, C. 33 — Use of Fiduciary Funds
(Signed into law on March 24, 2003) Permits fiduciaries to employ and compensate accountants from fiduciary funds for services rendered to the estate or trust without reducing the commissions due to the fiduciary, provided such accountings are not the usual services provided by the fiduciary.

The law also allows out-of-State banks with trust offices in New Jersey to receive equal treatment under State law as New Jersey banks with respect to the simultaneous fiduciary administration of trusts and administrative work done for operators of mutual funds.

This act took effect immediately, except for the subsection pertaining to employing and compensating accountants from fiduciary funds, which took effect on June 22, 2003.

P.L. 2003, C. 105 — Nursing Home Assessment
(Signed into law on July 1, 2003) Known as the Nursing Home Quality of Care Improvement Fund Act, this act imposes an assessment payable by nursing homes to the Division of Taxation in order to attract Federal matching funds to improve nursing home services. The aggregate amount of this assessment paid by all nursing homes combined shall not exceed 6% of the annual revenues received by all of the nursing homes (in accordance with Federal regulations).

This act took effect July 1, 2003; however, implementation of the assessment will not commence until 30 days after Federal approval of any necessary amendments in the State's plan for distribution of the proceeds of the Nursing Home Quality of Care Improvement Fund established under the act.

P.L. 2003, C. 112 — Hospital Debts
(Signed into law on July 1, 2003) Creates a Hospital Care Payment Commission to which hospitals may assign their claims for unpaid patient accounts. One of the ways the debts can be collected is through use of the existing SOIL (Set-Off of Individual Liability) program, which offsets certain debts against income tax and certain other tax rebates, refunds, and benefits that would otherwise be due to the debtor. The funds collected will be deposited in the newly created New Jersey Hospital Care Payment Fund, and then paid 50% to each participating hospital and 50% to the State after administration expenses are paid. This law took effect on July 31, 2003.

P.L. 2003, C. 114 — Hotel/Motel Occupancy Fee
(Signed into law on July 1, 2003) Imposes a 7% State occupancy fee on the rental of a room in a hotel, motel, or similar facility in most New Jersey municipalities between August 1, 2003, and June 30, 2004. For occupancies on and after July 1, 2004, the fee is reduced to 5%. It also authorizes most New Jersey municipalities to impose a uniform municipal tax on occupancies in that municipality. Between August 1, 2003, and June 30, 2004, the optional municipal tax can be less than or equal to 1%. For occupancies on and after July 1, 2004, the municipal tax may be imposed at a rate of less than or equal to 3%. The legislation makes special rate provisions for those municipalities that already impose local taxes or fees on hotel/motel occupancies. This law took effect immediately.

P.L. 2003, C. 116 — Casino Taxes and Fees
(Signed into law on July 1, 2003) Imposes on casino licensees a 4.25% tax on the value of rooms, food, beverages, and entertainment that are provided at no cost or reduced price. It also imposes an 8% tax on casino service industry multi-casino progressive slot machine revenue. In addition, Chapter 116 imposes, for State fiscal years 2004 through 2006, a 7.5% tax on the adjusted net income of casino licensees in calendar year 2002. It also imposes a fee of $3.00 per day on each casino hotel room that is occupied by a guest and increases the minimum casino parking fee in Atlantic City to $3.00 per day. This law took effect immediately.

P.L. 2003, C. 124 — Outdoor Advertising Fee
(Signed into law on July 2, 2003) Imposes a 6% fee on the gross amount collected by retail sellers for billboard advertising space in New Jersey. The fee is imposed directly on the retail seller of the advertising space and must be reported and paid on a quarterly basis. This act took effect immediately and applies to billboard advertising fees collected for any period on or after July 1, 2003, through June 30, 2004.

Property Tax Relief Programs

P.L. 2003, C. 30 — Property Tax Reimbursement
(Signed into law on March 14, 2003) Changes the annual deadline for filing an application to June 1. The law provides that property tax reimbursement checks are to be mailed to eligible applicants on or before July 15, except that payments for applications filed during the period May 1 through June 1 will be mailed on or before September 1 annually. This act took effect immediately.

Realty Transfer Fee

P.L. 2003, C. 113 — Supplemental Fee
(Signed into law on July 1, 2003) Imposes a new, graduated, supplemental fee on transfers of realty that is payable by the grantor to the county in which the deed is recorded. The new law does not increase the realty transfer fee rates on transfers by senior citizens, blind or disabled persons, and on the transfer of property that is low- and moderate-income housing. This act took effect on July 14, 2003.

Sales and Use Tax

P.L. 2002, C. 45 — Mobile Telecommunications Services
(Signed into law on July 30, 2002) Amends relevant sections of the New Jersey Sales and Use Tax Act to comply with the provisions of the Federal "Mobile Telecommunications Sourcing Act," that requires a uniform method of sourcing mobile telecommunications services for sales tax purposes.

The sourcing method prescribed by the Federal legislation assumes that all wireless calls are made at the telecommunication service subscriber's residential or business street address, whichever is the "place of primary use," and permits all calls charged to such place of primary use (whether or not actually placed at, or made to, that location) to be taxed only by the taxing jurisdiction in which said place of primary use is located.

The Federal law forbids the State taxation of mobile telecommunications by any other system or method after August 1, 2002. The New Jersey legislation applies to customer bills issued after August 1, 2002.

P.L. 2003, C. 42 — Payments of Sales Tax by Vendors
(Signed into law on April 14, 2003) Permits certain vendors of goods and services to advertise that they will pay New Jersey sales tax for their customers. The legislation requires that the advertisement must indicate that the vendor will pay the tax for the customer and it will not indicate or imply that the sale or charge is exempt from taxation. Any sales slip, invoice, receipt, or statement given to the customer must state that the tax will be paid by the vendor; and the vendor must pay the amount of tax due as trustee for and on account of the State. Vendors must remit the tax due on the retail sales or service receipts to the State in the same manner as tax collected from a customer. This act took effect immediately.

Urban Enterprise Zones

P.L. 2002, C. 68 — Population Requirements for New Joint Zone
(Signed into law on August 14, 2002) Modifies the population parameters governing eligibility for the establishment of a joint urban enterprise zone which was authorized in a county of the sixth class (Cape May County) pursuant to P.L. 2001, C. 347. Amendment of the population requirements was necessary to clarify that North Wildwood qualifies for inclusion in the zone.

Chapter 68 took effect immediately and is applicable to zones designated on or after January 6, 2002.

COURT DECISIONS

Administration

Calculation of 90-Day Time Period to File Complaint
Somnuk Suecharon t/a Sammy's Bagel & Deli v. Director, Division of Taxation, decided November 4, 2002; Tax Court No. 002857-2001. On February 15, 2002, the Division issued by certified mail its final determination to plaintiff which stated that plaintiff had 90 days from the date of the final determination to appeal to the Tax Court in accordance with N.J.S.A. 54:51A-13 et seq. Plaintiff alleges that the Division informed its accountant, pursuant to the accountant's telephone call, that plaintiff must file on or before May 17, 2002. Plaintiff forwarded its complaint on May 16, 2002, and it was filed with the Tax Court on its May 17, 2002, received date, 91 days after the date of the final determination. The Division moved to dismiss the complaint as being untimely filed.

The Court found that there was no merit in plaintiff's argument that the Division was estopped from disputing the timeliness of the appeal because a representative of the Division allegedly advised plaintiff's accountant that the filing deadline was May 17, 2002. Furthermore, the Court stated that plaintiff is charged with knowledge of the law.

The Court ruled that the calculation of the 90-day period is pursuant to the *rules of court*. One of the *rules of court* permits three days to be added to the period to file the complaint when service of the notice is made by ordinary mail. Finding that there were good reasons to apply the same rule to notices sent by certified mail in order to secure a just determination, the Court held that the complaint was timely filed. The Tax Court acknowledged that its determination in this case is inconsistent with another Tax Court case, *Heico,* where the Court determined that the *rules of court* did not apply to this issue. (See *New Jersey State Tax News,* Volume 31, Numbers 2/3, Summer/Fall 2002, page 27.)

The Director, Division of Taxation, has filed an interlocutory appeal with the Superior Court, Appellate Division.

Time Period to Protest, Request a Revision, or File Refund Claim
Dennis Boggi Enterprises, Inc. v. Director, Division of Taxation, decided January 3, 2003; Tax Court No. 003859-2002. After conducting an audit, the Division issued its notice of assessment related to final audit determination on January 22, 2001, for the sales and use tax period beginning January 1993 and ending December 1999. Although plaintiff claimed that its accountant filed a protest on January 31, 2001, the Division had no record of this protest being received and plaintiff's accountant's mailing records indicated that the notice was mailed on February 6, 2001. The Division acknowledged that it received a protest letter dated May 17, 2001, that stated that the accountant intended to protest the assessment and inquired as to why a hearing date was not yet set. On September 3, 2001, plaintiff executed an installment payment agreement that was later terminated because plaintiff did not comply with it. On November 26, 2001, plaintiff filed a claim for revision of the audit assessment that was denied on April 29, 2002, because the paperwork did not represent a claim for refund. Plaintiff appealed that denial claiming that there are three methods to protest an assessment: (1) appeal it; (2) pay the tax and file a refund claim; and (3) request a revision of the assessment.

Pursuant to the statutes, a taxpayer is permitted to either apply to the Division for a hearing or appeal to Tax Court within 90 days after the date of the determination notice to challenge the assessment. The Court found that although plaintiff's accountant's mailing records indicated that the protest was mailed on February 6, 2001, there was no reliable, corroborated evidence of this fact. On the other hand, the Division submitted an affidavit that no protest was received within the statutory period. Therefore, the Court ruled that the May 17, 2001, letter was the initial protest and that this date was beyond the statutory time to request a hearing.

Plaintiff's claim that it is entitled to a refund or revision is governed by N.J.S.A. 54:32B-20(b), which states that a person is not entitled to a revision, refund, or credit where either the person had the opportunity for a hearing or had a hearing unless the person meets the requirements of N.J.S.A. 54:49-14 as follows: (1) the assessment was neither protested nor appealed; (2) the assessment was paid in full within one year of the expiration of the period to protest; (3) the refund claim is filed within 450 days of the expiration of the period to protest; and (4) the amount of the refund claim does not exceed the assessment paid. The Court found that because plaintiff never paid the tax assessment it would not be entitled to file for a refund claim. The Court ruled that a claim for revision is effectively either a claim for refund or an untimely protest of the audit assessment and that plaintiff is not entitled to an additional opportunity to appeal where plaintiff has not paid the tax and previously had an opportunity to appeal the audit assessment. It was also noted by the Court that N.J.S.A. 54:49-14 applies only to returns filed on or after January 1, 1999.

Responsible Person

David Lee v. Director, Division of Taxation, decided May 15, 2003; Appellate Division No. A-3784-01T2. The Appellate Division upheld the Tax Court's determination that plaintiff (Lee) was liable as the responsible person for sales and use taxes of the corporation Exterior Power Sweeping (EPS) for substantially the reasons and conclusions expressed by the Tax Court below.

Lee was the owner, president, and sole officer of EPS until the termination of the business. EPS ceased business operations in September 1989, and was dissolved in 1991. In 1991, the Division assessed sales and use tax against the corporation for the period October 1, 1983, to June 30, 1989. Sales and use tax returns were not filed with the Division for that period, nor were they filed thereafter. EPS protested the assessment and the Division issued a final determination in 1993. EPS filed a complaint with Tax Court that vacated the assessment in 1997. The Division appealed, and the Appellate Division reversed the Tax Court on April 30, 1999. On May 21, 1999, the Division issued a Notice of Finding of Responsible Person Status to Mr. Lee for the sales and use tax liabilities of EPS.

Lee did not really dispute that he was a responsible person of EPS; however, he claimed that the responsible person notice was inequitable and barred by either laches, or estoppel, or both. The Tax Court would not set aside the assessment on the basis of laches or estoppel. The Tax Court found that Lee was chargeable with knowledge of the statutes and his admitted actual knowledge renders less forceful his equitable arguments. Lee did not demonstrate detrimental reliance on any action or inaction of the Division, and failed to demonstrate that the Division deferred sending the responsible person notice to him so that interest would accrue. Furthermore, the Tax Court noted that there is a general reluctance of the courts to grant estoppel against a public official entity.

Lee also claimed that the May 21, 1999, responsible person notice was untimely due to the three-year statute of limitation period. Although no returns were ever filed, he alleged that the providing of information to the Division during the audit was a *de facto* filing of those returns. The Tax Court rejected the theory of *de facto* filing. However, the Tax Court stated that even if it accepted *de facto* filing, the statute did not limit the time period to collect taxes from a responsible person that were determined to be due within three years of the alleged *de facto* filing date.

Corporation Business Tax

Timeliness of Refund Claim

Lenox, Incorporated v. Director, Division of Taxation, decided April 20, 2001; Tax Court Nos. 007049-98 and 007050-98. Plaintiff filed timely Federal income tax returns and New Jersey Corporation Business Tax (CBT) returns for fiscal years ending (FYE) April 30, 1985, 1986, and 1987.

On January 17, 1989, plaintiff filed amended Federal returns (Form 1120X) with the Internal Revenue Service (IRS) to claim abandonment losses for FYE April 30, 1985, and 1986. On March 1, 1989, plaintiff forwarded copies of these 1120X forms to the Division. The Division completed their audit on July 21, 1989, and allowed the full amount of abandonment losses. The IRS completed its audit of the FYE April 30, 1984, and 1985 returns in July 1990 and issued a revenue agent's report (RAR) on July 27, 1990. The IRS recommended the full amount of the claimed FYE April 30, 1985, abandonment loss and further stated that plaintiff was also entitled to an additional loss due to adjustments from the reallocation of basis. Plaintiff consented to the RAR. By letter dated October 26, 1990, the IRS advised plaintiff that it accepted the FYE April 30, 1984, and 1985 returns with the July 27, 1990, RAR adjustments. Plaintiff claimed that it received this letter on October 31, 1990.

On July 30, 1990, plaintiff filed a second 1120X form for FYE April 30, 1986, and initial forms for FYE April 30, 1987, and 1988 with the IRS. These amended returns incorporated the adjustments from the July 27, 1990, RAR because they flowed through to these following years. The IRS revenue agent accepted these adjustments with some changes and the IRS accepted this report on November 19, 1992.

On January 23, 1991, plaintiff sent the Division certified mail that contained the CBT Form IRA-100, which reports IRS changes to Federal taxable income, for FYE April 30, 1984, and 1985, worksheets reflecting the calculation of "corrected taxable income" for FYE April 30, 1986, and 1987, and amended CBT returns for FYE April 30, 1988, and 1989. The Division received the certified mail on January 25, 1991.

In 1992, the Division refunded to plaintiff amounts attributable to FYE April 30, 1985, 1986, and 1987. In 1996, the Division issued plaintiff a Notice of Erroneous Refund requesting that the refund be returned due to the untimely filing of the refund claims and reports of changes made by the IRS.

In determining whether CBT refund claims were timely filed for periods prior to July 1, 1993, the applicable statute and regulations differentiated between refund claims and refund claims pursuant to IRS changes. In general, N.J.S.A. 54:49-14 restricted refund claims to a two-year statute of limitation period commencing from the date of payment of the original or additional assessed tax. An exception to the general rule involved a refund due to IRS changes. In this situation, N.J.A.C. 18:7-13.8(d) stated that the refund claim's two-year limitation period commenced on the date the IRA-100 was timely filed with the Division. In order for the IRA-100 to be timely filed, N.J.S.A. 54:10A-13 required that the IRA-100 be received by the Division within 90 days after the IRS final determination of change or correction.

The Court determined that plaintiff's claimed abandonment losses for FYE April 30, 1985, and 1986 were not IRS changes to the extent the losses were allowed in connection with an audit by the Division. As plaintiff forwarded copies of the 1120X forms to the Division on March 1, 1989, these refund claims were held to be subject to and barred by the N.J.S.A. 54:49-14 two-year statute of limitation period to file a refund claim.

The Court decided that the revenue agent's finding of the additional loss for FYE April 30, 1985, due to reallocation of basis was an IRS change. Turning to the claimed losses for the FYE April 30, 1986, and 1987 the Court found that these losses were the flow-through effects of the July 27, 1990, RAR relating to the FYE April 30, 1985, amended return. Therefore, the Court determined that the FYE April 30, 1986, and 1987 losses were IRS changes because the July 27, 1990, RAR did not directly change the tax liability for those years.

Both plaintiff and defendant agreed that the IRS final determination, for purposes of N.J.S.A. 54:10A-13, referred to the IRS October 26, 1990, letter. However, the parties disagreed as to when the 90-day period commenced for purposes of filing the IRA-100. The Court ruled that the date of the IRS final determination letter commenced the 90-day period reasoning that if date of taxpayer receipt controlled, then evidence of receipt would be solely based upon the plaintiff's testimony. The Court noted that the IRS was not required to send the final determination by certified or registered mail. Finding that the IRS final determination was dated October 26, 1990, the Court calculated the 90th day as January 24, 1991. Although plaintiff mailed the IRA-100 on January 23, 1991, the Division did not receive the IRA-100 until January 25, 1991. Consequently, the Court held that the IRA-100 was filed one day late and therefore plaintiff was not able to file a refund claim pursuant to N.J.A.C. 18:7-13.8(d). In refusing to exercise equitable powers, the Court noted, among other things, that plaintiff could have delivered the IRA-100 by hand or overnight service and thereby timely filed the form. As to upholding the regulation's condition that the timely filing of the IRA-100 was required to extend the statute of limitation period, the Court noted that this issue had previously been decided in *Sharps, Pixley, Inc.* and that the regulation had not since been changed by the Legislature.

Receipts Earned in New Jersey

Mayer & Schweitzer v. Director, Division of Taxation, decided September 18, 2002; Tax Court No. 001800-2000. Plaintiff is a New Jersey corporation that purchased securities with its capital for its own inventory that is held in a trust account with a trust company in New York. Plaintiff is engaged in the business of selling those securities for profit and did not charge commission on the sales. The plaintiff operated offices in New Jersey, Florida, Illinois, and Colorado. The New Jersey offices housed traders, sales, administration, operations, systems, and compliance personnel. The Florida and Illinois offices contained traders, sales, and service personnel, and the Colorado office operated with sales and service personnel. The traders were not limited in geographic scope and therefore dealt with customers in the 22 states where plaintiff was registered or licensed and other states where license or registration was not required. However, the majority of the securities were purchased and sold from the New Jersey office. Most customer orders were electronically executed and processed through the New Jersey office where the data processing system was located. After a sale was consummated, the trust company electronically transferred the stock from plaintiff's account into the customers' accounts throughout the United States, but physical transfer of the securities was rare. Title passed to the purchaser in the state in which the purchaser was located. Plaintiff's customers were mainly other broker dealers and institutional customers who needed the securities to perform transactions for their own customers.

The New Jersey corporation business tax (CBT) allowed multistate businesses to apportion income among states in which they conduct business in determining the amount of tax owed to New Jersey. On its 1992–1995 CBT returns, plaintiff calculated its New Jersey receipts, for purposes of the numerator of the N.J.S.A. 54:10A-6(B) receipts fraction, by including the trading profits from trades performed by its New Jersey employees. Plaintiff filed amended returns that included only sales to customers located within New Jersey in the New Jersey receipts calculation and therefore resulted in refunds due plaintiff.

The Division denied the refunds by not accepting the basis for amending the returns.

In deciding whether the receipts were attributable to New Jersey, the Court looked to N.J.A.C. 18:7-8.12, which essentially stated that intangible income is included in New Jersey receipts where the taxable status of the intangible asset is in New Jersey. The taxable status of an intangible is defined as the commercial domicile of the owner unless the intangible has been integrated with business carried on in another state. The Court noted that the Legislature had not defined the term "integrated with" so that its parameters needed to be determined on a case-by-case basis.

The Court held that plaintiff's sales are allocated to the state of the customer's location. The Court determined that plaintiff was carrying out its business throughout the United States and that its business involved the exploitation of out-of-State markets. Therefore, the security sales were ruled to be "integrated with" business carried on in other states. The Court reasoned that its decision is consistent with the statute and regulation, principles of fairly apportioning income to states in which the corporation does business, as well as prescribed by the current N.J.S.A. 54:10A-6(B) as it was amended in 2002.

Recoupment of Erroneous Refund
Lenox, Incorporated v. Director, Division of Taxation, decided December 4, 2002; Tax Court No. 007049-98 and 007050-98. On July 8, 1992, the Division issued plaintiff a refund check based upon refund claims and a Form IRA-100 report of IRS changes, neither of which was timely filed as determined by the Tax Court. (See *Lenox, Incorporated v. Director, Division of Taxation,* decided April 20, 2001; Tax Court No. 007049-98 and 007050-98, summarized in the spring 2003 issue of *New Jersey State Tax News,* Vol. 32, No. 1, page 12.)

In December 1996, the Division issued plaintiff a Notice of Erroneous Refund requesting that the refund be returned due to the untimely filing of the refund claims and the Form IRA-100 report of changes made by the IRS. Plaintiff refused to return the refund claiming that the Division has neither statutory nor inherent authority to recover the refund; the refund recovery is equivalent to a tax assessment that would be barred by the statute of limitations; due to the four and one-half years between the date of payment of the refund and the request for its return that the recovery is barred by laches or estoppel; and that by issuing the refund the Division waived defenses to the timeliness of the refund claims.

The Tax Court relied on *Playmate Toys* where the Appellate Division held that the Division had inherent authority to recoup erroneous refunds. In affirming the Appellate Division's decision, the New Jersey Supreme Court added that the Division's powers were not "boundless" and that here the Division's recovery was similar to the correction of a clerical error rather than an error in judgment.

After reviewing other court cases, the Tax Court defined the term "error in judgment" as used in *Playmate Toys* to "refer only to an erroneous final determination of the merits of a taxpayer's liability for tax, resulting from a mistaken interpretation of substantive law or a misunderstanding of the facts relating to the determination." Therefore, the Court ruled that the Division's error as to the timeliness of plaintiff's filing the IRA-100 and refund claim was a clerical error. Consequently, the Court held that plaintiff must return the erroneous refund with interest from the date plaintiff received the Notice of Erroneous Refund. The Court reasoned that the term "clerical error" should be broadly construed so that the Division may protect the public fisc and promote public interest.

Regular Place of Business
River Systems, Inc. v. Director, Division of Taxation; Rubachem International, LTD. v. Director, Division of Taxation; and Rubachem, Inc. v. Director, Division of Taxation, decided March 14, 2003; Appellate Division No. A-2741-01T3. The Appellate Division affirmed the Tax Court's holding for the Division for substantially the reasons in the Tax Court opinion that was summarized in the *New Jersey State Tax News*, Volume 31, Numbers 2/3, Summer/Fall 2002, page 31. Previously, the Tax Court held that taxpayers did not maintain a regular place of business outside New Jersey because the New York business office and employees belonged to a separate, related company.

Change of Filing Status
Chemical New Jersey Holdings, Inc. v. Director, Division of Taxation, decided April 25, 2003; Tax Court No. 000213-2001. In 1992 and 1993, plaintiff (Chemical) filed corporation business tax returns as an investment company. In 1999, the Division assessed additional tax after it determined that Chemical failed to qualify as an investment company. After receiving its final determination, Chemical timely appealed to the Tax Court in February 2001 on the basis that it was denied its status as an investment company. Approximately one year later, Chemical filed an amended complaint retracting its initial claim and alleged that its filing status should be as a financial business corporation. Chemical never filed returns as a financial business corporation for either year at issue.

In its previous September 2002 bench decision, the Court decided that (1) the Division's assessment was timely, (2) the doctrine of equitable recoupment was inapplicable because the case did not involve an effort to set off or credit previous tax payments against the assessment, and (3) Chemical could not obtain a refund as the time period for refund claims had expired before Chemical alleged its status as a financial business corporation.

The Court was left to decide the sole issue of whether Chemical could change its filing status by asserting that it was a financial business corporation more than seven years after it filed its return as an investment company. After determining that it had jurisdiction to decide whether the assessment could be challenged on those grounds, the Court noted that the issue was analogous to a local property tax appeal where the claim for farmland assessment is different than the claim contained in the application for farmland assessment. In those cases, the Tax Court consistently held that an applicant is bound by the application unless there was a timely amendment. The Court stated that the rationale was that the initial filing was regarded as establishing the basis for government examination and that the government was limited to a statutory period to analyze, inspect, and investigate the taxpayer's filing. Therefore, the Court held that Chemical could not circumvent the statutory requirement that it file timely amended returns as a financial business corporation within the statutory period for refunds by claiming that it was entitled to a different filing status in the Tax Court appeal. The Court noted that plaintiffs could assert alternative legal theories subject to the considerations of due process and unfair prejudice; however, the Court determined that a change in filing status was not simply an alternative legal theory because filing status controlled the entire taxing process.

Gross Income Tax

Keogh Plan Contributions
John and Barbara Reck v. Director, Division of Taxation, decided December 19, 2002; Supreme Court of New Jersey No. A-93 September Term 2001. Plaintiff husband is a partner in an accounting firm. Contributions on each partner's behalf were made by the partnership to a qualified Internal Revenue Code (IRC) 401(a) Keogh plan. In calculating his distributive share of partnership income for the 1992 and 1993 tax years, plaintiff deducted those contributions. The Division of Taxation denied those deductions on the basis that only 401(k) Keogh Plan contributions were deductible per statute.

In a 5–2 decision, the majority of the New Jersey Supreme Court upheld the Appellate Division's ruling that the partnership's pension plan contributions are deductible only under a 401(k) plan substantially for the reasons expressed in the Appellate Division's opinion. The Appellate Division found that although N.J.S.A. 54A:6-21 stated that gross income does not include employer contributions on behalf of its employees to a 401(k) plan, it does not address 401(a) plans. Hence, the Appellate Division reasoned that 401(a) contributions are not deductible even though the contributions are not expressly prohibited as deductions by statute.

The minority of the New Jersey Supreme Court dissent would have upheld the Tax Court's reasoning that the partnership's contributions on behalf of partners to the Keogh Plan are deductible in calculating the partner's distributive share of partnership income because the contributions constitute ordinary and necessary deductible business expenses pursuant to N.J.S.A. 54A:5-1b, which defines net profits from business.

Partnership's Discharge of Indebtedness Income
Michael and Patricia Scully and James Scully v. Director, Division of Taxation, decided January 13, 2003; Appellate Division Nos. A-1816-01T3 and A-2360-01T3. The Appellate Division affirmed the Tax Court's holding for plaintiff for substantially the reasons in the Tax Court opinion that was summarized in the *New Jersey State Tax News,* Volume 31, Number 1, Spring 2002, page 15, and is reprinted below for the reader's convenience.

> Plaintiffs Michael Scully and James Scully each own a 48.5% limited partnership interest and a 1% general partnership interest in Port-O-Call Associates, a New Jersey limited partnership (the "Partnership"). Additionally, each owns 50% of the corporate stock of a Pennsylvania corporation that owns a 1% general partnership interest in the Partnership.
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> The Partnership purchased a hotel with a $7 million mortgage. Subsequently, the mortgagee became insolvent and the mortgage was assigned to a corporation that acted as the receiver. Thereafter, the receiver sold the mortgage loan to Optimum Mortgage Investment Company for approximately $2 million less than the note's principal balance. Optimum's mortgage purchase was financed by the plaintiffs pursuant to an agreement that paid Optimum a fee and obligated Optimum to assign the mortgage to plaintiffs. Thereafter, plaintiffs assigned the mortgage to the Partnership.
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> The Partnership's Federal income tax return reported the current principal balance of the note as a capital contribution and the $2 million difference between the previous and current principal balance of the mortgage as debt-forgiveness income. The Partnership's Pennsylvania information return reported the same

capital contribution but reported the $2 million difference as "Net profits from business…apportioned to Pennsylvania."

The Director determined that the Partnership realized discharge of indebtedness income in the amount of approximately $2 million, the difference between the prior mortgage principal balance and the amount of the mortgage principal when the plaintiffs contributed the loan to the Partnership which thereby discharged the mortgage debt. The Director contended that this amount is attributable to plaintiffs as discharge of indebtedness income that occurred "within a business entity" under N.J.S.A. 54A:5-1(k) and (b).

The issue before the Court was whether partners are subject to gross income tax on discharge of indebtedness income realized by the Partnership. Relying on *Smith v. Director* the Court determined that a partnership's discharge of indebtedness income must arise in the ordinary course of partnership business operations to be includable in the partner's gross income. Otherwise the discharge of indebtedness income would retain its character, and as such, discharge of indebtedness, is not a category of income subject to gross income tax.

Holding for plaintiffs, the Court decided that the transaction generating the income was the discharge of the loan not the plaintiffs' contribution of the mortgage loan to the Partnership. The Court found that neither the discharge of the loan nor the financing of the hotel was part of the Partnership's ordinary business for purposes of N.J.S.A. 54A:5-1(b). The Court noted that there were very few, if any, circumstances where discharge of indebtedness income would be includable in a partner's distributive share of partnership income under N.J.S.A. 54A:5-1(k) because it is unlikely that a partnership would receive discharge of indebtedness from third parties as a regular part of its business operations.

Partnership's Discharge of Indebtedness Income
Richard and Sharon Miller v. Director, Division of Taxation, decided January 14, 2003; Appellate Division No. A-2287-01T3. The Appellate Division affirmed the Tax Court's holding for plaintiff for substantially the reasons in the Tax Court opinion that was summarized in the *New Jersey State Tax News,* Volume 31, Number 1, Spring 2002, page 15, and is reprinted below for the reader's convenience.

Plaintiff Richard Miller is a partner of a New Jersey general partnership (the "Partnership"). The Partnership's only asset is one piece of real estate encumbered by a mortgage that is owned as real estate investment. This real estate is leased to a law firm some of whose partners are partners in the Partnership. When the real estate's value dropped significantly below the principal balance of the mortgage loan, the mortgagee reduced the principal balance upon the Partnership's request for a reduction.

The Partnership reported the reduction in the principal balance as other income on its Federal income tax return but did not report it on the Partnership's New Jersey tax return. Plaintiff's Federal Schedule K-1 reported his proportionate share of the mortgage reduction as other income but did not report it on either plaintiff's Schedule NJK-1 or New Jersey gross income tax return. The Director determined that the mortgage reduction resulted in forgiveness of indebtedness income to the Partnership and thereby was includable in the partner's distributive share of partnership income.

The Court applied its legal analysis in *Scully*, above, to the facts of this case. The Court noted that there were three differences between the cases most notably that in the instant case there was no question that the Partnership received discharge of indebtedness income and that here the real estate is owned as an investment as opposed to as a hotel and restaurant. As in *Scully*, the Court stated that discharge of indebtedness income "is taxable to a partner only if attributable to a partnership's ordinary business operations."

The Court ruled that the plaintiff was not subject to the gross income tax on the Partnership's discharge of indebtedness income because the income relating to the mortgage loan is not includable in the Partnership's net profits from business. The transaction involving the mortgage loan is in the nature of a capital transaction, not an ordinary business operation. Moreover, the Court added that even if the loan transaction constituted part of the partnership's ordinary business operations, the income-generating event is the reduction in principal balance, which is not part of the partnership's ordinary business operations.

S Corporations and Charitable Contributions
Myron and Elaine Adler v. Director, Division of Taxation, decided March 24, 2003; Tax Court No. 002025-2001. Plaintiffs (Adlers) were shareholders of Myron Corporation, which was organized for tax purposes as an S corporation. In 1994 and 1995, Myron Corporation made charitable contributions to qualified charitable organizations. The Division determined that the charitable contribution deductions for purposes of determining Myron Corporation's corporation business tax liability were proper. However, the Division disallowed the deductions

of Myron Corporation's charitable contributions in calculating the Adlers' share of S corporation income for gross income tax liability purposes.

The Tax Court ruled that the statute's express language permitted the Adlers to deduct Myron's charitable contributions in determining their share of S corporation income. The Court found that N.J.S.A. 54A:5-10 provided that a shareholder's share of S corporation income for gross income tax purposes was to be calculated in accordance with I.R.C. 1366. In turn, I.R.C. 1366 stated that deductions pursuant to I.R.C. 702(a)(4) are included in determining an S corporation shareholder's Federal income tax liability. Finally, I.R.C. 702(a)(4) permitted partners to deduct qualified charitable contributions in determining their distributive share of partnership income. Even though I.R.C. 702(a)(4) stated partners, it was found to be applicable to S corporation shareholders because of the specific I.R.C. 1366 reference.

Local Property Tax

Exemption Status
City of Long Branch v. Ohel Yaacob Congregation, decided January 21, 2003; Tax Court No. 002643-2001. Plaintiff City of Long Branch appeals a judgment of the Monmouth County Board of Taxation applicable to tax year 2001 which exempts property used to house visiting rabbis and other clergy and also to store books and furniture. Defendant Ohel Yaacob Congregation claims that the property is entitled to exemption pursuant to N.J.S.A. 54:4-3.6 because it is a parsonage or, alternatively, because it is a building actually used in the work of an association or corporation organized exclusively for religious purposes.

The Congregation first claims that the subject property is a parsonage and exempt under N.J.S.A. 54:4-3.6, which states that the property eligible for exemption includes "the buildings, not exceeding two, actually occupied as a parsonage by the officiating clergymen of any religious corporation of this State.…" The subject property was purchased for the purpose of housing visiting clergy. While the Congregation ordinarily consists of 60 to 80 families, the summer influx of an additional 400 to 500 families requires that additional clergy serve the synagogue. The Court found that visiting clergy did not fit within the definition of "officiating clergyman," which has been defined as "a settled or incumbent pastor or minister, that is, a pastor installed over a parish, church or congregation." The Court also found that the property was not used as a parsonage meaning a residence or home and not just a hotel room or other temporary housing. Therefore, the property was not eligible for exemption as a parsonage.

This leads to the issue of whether or not a parsonage is the only type of residential property owned by a religious organization which is eligible for exemption, or does the specific exemption for parsonages preclude qualification for exemption of other categories of residential property used for religious purposes? There is no evidence that the Legislature ever intended for parsonages to be included in the general category of property used for religious purposes. Parsonages have always been treated separately and as a historical matter have not been regarded as property used for religious purposes. The Court found that although a residential property not amounting to a parsonage may be exempt as used for religious purposes, a residence principally used as a parsonage is not eligible for the same exemption and is limited to the express provisions for parsonages.

The Court, citing *City of Long Branch v. Monmouth Medical Center,* 138 N.J. Super. 524 (App. Div. 1976), aff'd, 73 N.J. 179 (1977), applied a test of "reasonable necessity": the exemption claimant must demonstrate a compelling need for the services performed by the resident of the property for which exemption is claimed and also that those services are integral with the exemption functions of the entity. The Court found that the subject building used for the housing of the visiting clergy is necessary for the proper and efficient operation of the Congregation during summer months and is not a mere convenience. Furthermore, the visiting clergy make it possible to accommodate the enlarged membership during the summer, and it is that membership which provides much of the financial support for the year-round operation of the Congregation.

Finally, the Congregation claims exemption because the property was used for storage of religious books and furniture. The Court, citing *Roman Catholic Archdiocese of Newark v. East Orange City,* 17 N.J. Tax 298, 313-315 (Tax 1998), aff'd, 18 N.J. Tax 649 (App. Div. 2000), concluded that "the storage of documents and artifacts of a religious nature or related to the operation of the church should be deemed a religious purpose consistent with the exemption granted by the statute."

Because the Court found that the housing of visiting clergy was a use of the subject property for religious purposes, and because the use of an otherwise qualified property for the storage of books and personal property used in the operation of the religious organization is consistent with the exemption of property used for religious purposes, the Court affirmed the judgment of the Monmouth

County Board of Taxation, citing that the subject property was actually and exclusively used for religious purposes.

Note: N.J.S.A. 54:4-3.6 was amended by P.L. 2001, C. 18, to delete the word "exclusively," from the religious property exemption when referring to use.

Property Tax Relief Programs

NJ SAVER Rebate: Eligible Resident
Joel Cooper v. Director, Division of Taxation, decided December 6, 2002; Appellate Division No. A-2074-01T2. Plaintiff is the sole shareholder of a corporation that has the sole purpose of holding title to plaintiff's primary residence. Plaintiff resides in this residence and filed for an NJ SAVER rebate. Although the Division denied his NJ SAVER rebate because title to the property was held by a corporation, the Tax Court reversed and ruled that in this case the sole shareholder of a corporation should be treated the same way as a partner of a partnership, who is entitled to a rebate to the extent of his partnership interest. See *New Jersey State Tax News,* Volume 31, Numbers 2/3, Summer/Fall 2002, page 33.

The Appellate Division reversed, holding that plaintiff was not entitled to the rebate because the corporation held title to the property. The Appellate Division reasoned (1) that the statute was clear and unambiguous on its face as it included ownership through partnerships but not through corporations on the list of eligible legal entities, (2) that there was nothing in the legislative history indicating that the Legislature intended to treat partnerships and corporations alike, and (3) because there is a legal distinction between a corporation and its shareholders.

NJ SAVER Rebate: Untimely Filing
David Curzie v. Director, Division of Taxation, decided December 9, 2002; Tax Court No. 005346-2002. Plaintiff received the 2000 NJ SAVER rebate application but thought it pertained to his income taxes and therefore placed it with his other income tax documentation. After relatives mentioned that he should be receiving his rebate soon, plaintiff became concerned. Plaintiff alleges that he called the Division and was told to file the application regardless of its timeliness. Thereafter, plaintiff filed the 2000 application on January 25, 2002.

The Tax Court affirmed the Division's denial of plaintiff's rebate for failure to timely file after finding that the rebate application was due on or before October 22, 2001. Turning to plaintiff's argument that rather than being denied the entire rebate he should either be fined or at least entitled to a partial rebate, the Tax Court denied this request explaining that the rebate was all or nothing as there were no relief provisions for untimely filers.

NJ SAVER Rebate: Untimely Filing
Adam Ress v. Director, Division of Taxation, decided December 9, 2002; Tax Court No. 005242-2002. Plaintiff received his 1999 and 2000 NJ SAVER rebate applications but thought they pertained to his income taxes and therefore kept them with other income tax documentation that would later be provided to his tax preparer. The tax preparer of his 2000 income tax return apparently did not consider the application. Plaintiff hired a new tax preparer for his 2001 income tax return who saw the 1999 and 2000 applications and inquired as to whether plaintiff filed for the rebates. Thereafter, plaintiff filed his 1999 and 2000 NJ SAVER rebate applications on January 10, 2002.

Finding that the 2000 rebate application was due on or before October 22, 2001, the Tax Court affirmed the Division's denial of plaintiff's 2000 rebate for failure to file timely. Also, the Tax Court found the 1999 rebate application to be untimely filed as it was due August 31, 2000.

NJ SAVER Rebate: Untimely Filing
Gail Zeyack v. Director, Division of Taxation, decided December 9, 2002; Tax Court No. 005345-2002. Plaintiff filed her 2000 NJ SAVER rebate application on December 26, 2001, which was past the October 22, 2001, deadline. Plaintiff testified that the application was filed late because she had a very bad year causing her to be depressed and overwhelmed. Plaintiff's father suffered a stroke, lost his speech, and then passed away in January 2000. As the only child, she administered her father's funeral arrangements. Plaintiff had to take care of her mother, who had rheumatoid arthritis and could not be left alone. Plaintiff was not working due to disability and received disability payments from February 11, 2000, to July 28, 2000. Plaintiff lost her job, suffered from and was treated for back pain, took medication for pain and for depression, and was in the process of being divorced. Plaintiff's doctor provided a letter requesting that plaintiff be allowed to file the application late because she was unable to file timely due to a medical condition.

The Court pointed out that the rebate application was due on or before October 22, 2001, and that the information plaintiff provided pertained to the calendar year 2000, not to 2001. Plaintiff then testified that her mother was in and out of the hospital six times in 2001, her mother was given six months to live, and that her mother died in May 2001. As to her divorce proceedings, plaintiff testified that a guardian had to be appointed for her in July 2001. Defendant noted that plaintiff filed her income tax returns timely for tax years 2000 and 2001; however, plaintiff stated that was due to her husband's help because they were filing jointly.

Although the Court sympathized with plaintiff's medical conditions as well as the events occurring in plaintiff's life and accepted that plaintiff had an illness, the Court stressed that plaintiff did not prove why she was unable to file the application timely. The Court noted that plaintiff filed her income tax returns timely and took care of her day-to-day business. The Court found that the physician's note was general and insufficient, it did not state the time period she was sick or the extent of her disability, and did not state why she was unable to file the application. Consequently, the Court ruled that plaintiff provided no evidence that showed that she was physically or mentally unable to file the application in a timely manner. Also, the Court referred to the case of *Hovland* where the Tax Court held that plaintiff had good cause to file the 1982 homestead rebate late because plaintiff was diagnosed with spinal cancer in November 1982, hospitalized until early January 1983, bedridden until January 18, 1983, and filed his rebate application within a reasonable time on January 21, 1983, four days after the January 17, 1983, deadline.

Sales and Use Tax

Exemption for Production Equipment and the Catalyst Exemption
Atlantic City Linen Supply, Inc. v. Director, Division of Taxation, decided April 26, 2002; Tax Court No. 001617-2001. Plaintiff (Atlantic City) operates a commercial laundry. Employees sort the soiled laundry by hand and process it in loads of approximately 125 pounds into a continuous batch washer, which is a computer-controlled machine. This machine is approximately 60 feet long and 10 feet high. It is capable of performing 75 different chemical processes with various chemicals that break the surface tension of the water, allowing the water to suspend and flush away soil from the fabric, break up soil trapped in the fabric, dissolve organic oils and fatty acids, and produce soaps that enable the removal of items from linen causing the items to be dissolved in the surrounding water, and oxidizing organic compounds, and neutralizing any remaining chemicals. Different types of laundry are processed using different concentrations of chemicals, varying water temperatures, and different timing of passage through the continuous batch washer. After the washing process, the laundry is pressed dry at approximately 360 degrees Fahrenheit by other special high-capacity machinery. Finally, the laundry is folded, bundled, weighed, and returned to the customer. Atlantic City serves 12 casinos as well as other customers.

Atlantic City alleged its purchases of equipment as well as parts therefor are exempt from sales and use tax under N.J.S.A. 54:32B-8.13, which provides an exemption for, *inter alia*, equipment and machinery for use or consumption directly and primarily in the production of tangible personal property by processing. The Court found that the equipment at issue satisfied the statutory requirements that it be equipment or machinery used directly and primarily in processing. However, the Court stated that there is also a requirement that the equipment produce tangible personal property, which issue is discussed below.

Atlantic City also sought exemption from sales and use tax on its purchases of chemicals pursuant to N.J.S.A. 54:32B-8.20, which grants an exemption for chemicals and catalysts that induce or cause a refining or chemical process where the chemicals are an integral or essential part of the processing operation, but are not a component part of the finished product. The Court determined that Atlantic City did use chemicals that were used to induce or cause a chemical or refining process. However, the Court stated that the statute also required that there be a finished product.

The Court ruled that the statutory and regulatory requirements of producing tangible personalty and a finished product both contemplate the creation of a new product or a substantial change in form, composition, or character, or a change resulting in the transformation of property into a different or substantially more usable product, but that it did not include the furnishing of a service. Here, the Court ruled that Atlantic City's equipment is used to perform the operation of transforming dirty, soiled, stained laundry into clean, pressed, and folded laundry. Although this cleaned laundry was found to be more usable, the Court reasoned that this was not the kind of transformation either the legislation or the regulations intended. Furthermore, the Court found that no product, within the statutory meaning, was the result of this process. The Court concluded that the predominant use of Atlantic City's equipment was in connection with the performance of a service, not the production of a product. Therefore, Atlantic City was denied a sales and use tax exemption on both its purchases of equipment and chemicals.

Regular Place of Business
Lucisano Brothers, Inc. v. Director, Division of Taxation, decided January 24, 2003; Appellate Division No. A-6466-00T5. The Appellate Division affirmed the Tax Court's holding for the Division, which principally relied on the reasoning of *Stephen Little Trucking* that was summarized

in the *New Jersey State Tax News*, Volume 30, Number 4, Winter 2001, page 19, stating that the statutory analysis was well-founded and the achieved result was substantially correct.

Lucisano is a Pennsylvania building supply company that sold and delivered building materials to New Jersey contractors and subcontractors without collecting sales tax because it argued that pursuant to N.J.S.A. 54:32B-2(w) it was not a person required to collect sales tax. The Tax Court reasoned that N.J.S.A. 54:32B-2(w) must be read in harmony with the simultaneously adopted provisions contained in N.J.S.A. 54:32B-12(b) that place the obligation to collect tax from the contractor on the vendor unless the contractor obtained a direct pay permit. The Appellate Division also gave deference to the regulations that interpret the statutes to reach the same result.

The mission of the Division of Taxation is
to administer the State's tax laws
uniformly, equitably, and efficiently
to maximize
State revenues
to support
public services;
and, to ensure
that voluntary compliance
within the taxing statutes is achieved
without being an impediment to economic growth.

2002 General and Effective Property Tax Rates By Municipality

County	General Tax Rate	Effective Tax Rate
Atlantic		
Absecon City	3.381	3.190
Atlantic City	3.387	2.790
Brigantine City	2.709	2.190
Buena Borough	3.123	2.750
Buena Vista Township	2.831	2.380
Corbin City	1.744	1.800
Egg Harbor City	4.507	3.700
Egg Harbor Township	2.691	2.380
Estell Manor City	2.265	1.950
Folsom Borough	2.150	1.950
Galloway Township	2.840	2.690
Hamilton Township	2.809	2.540
Hammonton Town	2.858	2.730
Linwood City	3.336	2.960
Longport Borough	0.932	1.130
Margate City	2.246	1.930
Mullica Township	2.703	2.410
Northfield City	3.256	3.000
Pleasantville City	3.622	3.450
Port Republic City	2.435	2.150
Somers Point City	3.032	2.760
Ventnor City	3.182	2.760
Weymouth Township	2.166	1.820
Bergen		
Allendale Borough	1.810	2.000
Alpine Borough	1.130	0.800
Bergenfield Borough	4.130	2.810
Bogota Borough	3.090	2.930
Carlstadt Borough	2.280	1.470
Cliffside Park Borough	2.740	1.880
Closter Borough	2.390	2.040
Cresskill Borough	3.030	1.980
Demarest Borough	2.970	2.060
Dumont Borough	3.430	2.640
Elmwood Park Borough	2.760	2.180
East Rutherford Borough	2.170	1.760
Edgewater Borough	2.320	1.840
Emerson Borough	2.870	2.230
Englewood City	3.260	2.310

County	General Tax Rate	Effective Tax Rate
Englewood Cliffs Bor.	0.930	0.920
Fair Lawn Borough	3.260	2.280
Fairview Borough	2.980	2.550
Fort Lee Borough	2.600	2.120
Franklin Lakes Borough	1.960	1.380
Garfield City	2.930	2.450
Glen Rock Borough	3.350	2.240
Hackensack City	4.130	2.850
Harrington Park Borough	2.860	2.160
Hasbrouck Heights Bor.	2.930	2.270
Haworth Borough	3.090	2.120
Hillsdale Borough	2.870	1.960
Ho Ho Kus Borough	2.100	1.660
Leonia Borough	2.780	2.330
Little Ferry Borough	3.340	2.770
Lodi Borough	3.930	2.760
Lyndhurst Township	2.840	2.320
Mahwah Township	1.340	1.250
Maywood Borough	3.080	2.300
Midland Park Borough	2.220	2.160
Montvale Borough	2.430	1.680
Moonachie Borough	2.380	1.510
New Milford Borough	3.050	2.430
North Arlington Borough	3.140	2.530
Northvale Borough	2.720	2.210
Norwood Borough	2.380	1.900
Oakland Borough	2.900	2.000
Old Tappan Borough	1.540	1.630
Oradell Borough	3.090	2.030
Palisades Park Borough	2.830	1.950
Paramus Borough	2.340	1.690
Park Ridge Borough	2.310	1.680
Ramsey Borough	3.190	2.050
Ridgefield Borough	1.890	1.330
Ridgefield Park Village	2.880	2.910
Ridgewood Village	2.240	2.040
River Edge Borough	3.130	2.390
River Vale Township	2.780	1.990
Rochelle Park Township	1.800	2.030
Rockleigh Borough	1.350	1.050
Rutherford Borough	3.220	2.500

County	General Tax Rate	Effective Tax Rate
Bergen (continued)		
Saddle Brook Township	2.440	1.960
Saddle River Borough	0.720	0.900
South Hackensack Twp.	2.740	1.890
Teaneck Township	3.830	2.770
Tenafly Borough	3.070	2.120
Teterboro Borough	1.320	1.370
Upper Saddle River Bor.	1.520	1.500
Waldwick Borough	3.230	2.240
Wallington Borough	2.560	2.130
Washington Township	2.680	1.860
Westwood Borough	2.930	1.940
Woodcliff Lake Borough	2.400	1.670
Wood-Ridge Borough	2.020	2.030
Wyckoff Township	2.250	1.590
Burlington		
Bass River Township	2.826	2.530
Beverly City	3.585	3.340
Bordentown City	3.583	3.280
Bordentown Township	3.103	2.830
Burlington City	2.832	2.840
Burlington Township	2.687	2.460
Chesterfield Township	2.837	2.560
Cinnaminson Township	3.152	2.770
Delanco Township	3.317	2.990
Delran Township	3.025	2.830
Eastampton Township	3.259	3.000
Edgewater Park Township	3.045	2.660
Evesham Township	3.178	2.770
Fieldsboro Borough	3.272	2.900
Florence Township	2.927	2.700
Hainesport Township	2.655	2.340
Lumberton Township	2.717	2.440
Mansfield Township	2.769	2.420
Maple Shade Township	2.976	2.810
Medford Township	3.281	2.900
Medford Lakes Borough	3.955	3.330
Moorestown Township	3.342	2.420
Mount Holly Township	3.298	2.920
Mount Laurel Township	2.850	2.650
New Hanover Township	2.103	2.070
North Hanover Township	2.346	2.080
Palmyra Borough	3.367	3.140
Pemberton Borough	3.580	3.280
Pemberton Township	2.717	2.720
Riverside Township	2.741	2.500
Riverton Borough	3.861	3.310
Shamong Township	2.906	2.620

County	General Tax Rate	Effective Tax Rate
Southampton Township	2.988	2.530
Springfield Township	3.216	2.710
Tabernacle Township	2.947	2.560
Washington Township	2.342	2.040
Westampton Township	2.546	2.390
Willingboro Township	3.665	3.420
Woodland Township	2.354	2.410
Wrightstown Borough	2.045	2.030
Camden		
Audubon Borough	4.090	3.590
Audubon Park Borough	4.800	4.700
Barrington Borough	3.870	3.570
Bellmawr Borough	4.035	3.620
Berlin Borough	3.430	3.210
Berlin Township	3.481	3.400
Brooklawn Borough	3.536	3.530
Camden City	4.581	3.850
Cherry Hill Township	3.540	3.170
Chesilhurst Borough	3.000	2.820
Clementon Borough	3.740	3.830
Collingswood Borough	3.757	3.750
Gibbsboro Borough	4.820	2.990
Gloucester City	3.148	3.090
Gloucester Township	3.569	3.360
Haddon Township	3.490	3.280
Haddonfield Borough	3.760	3.210
Haddon Heights Borough	3.960	3.650
Hi-Nella Borough	5.260	5.380
Laurel Springs Borough	3.532	3.500
Lawnside Borough	3.340	3.400
Lindenwold Borough	4.210	4.060
Magnolia Borough	4.160	4.200
Merchantville Borough	4.020	3.960
Mount Ephraim Borough	3.747	3.790
Oaklyn Borough	3.630	3.670
Pennsauken Township	3.200	3.140
Pine Hill Borough	4.728	4.480
Pine Valley Borough	3.690	2.610
Runnemede Borough	3.660	3.740
Somerdale Borough	4.090	4.040
Stratford Borough	3.790	3.700
Tavistock Borough	3.802	3.730
Voorhees Township	4.600	3.350
Waterford Township	3.840	3.700
Winslow Township	3.640	3.340
Woodlynne Borough	4.557	4.290

County	General Tax Rate	Effective Tax Rate
Cape May		
Avalon Borough	0.870	0.670
Cape May City	1.780	1.220
Cape May Point Borough	0.610	0.720
Dennis Township	2.000	1.660
Lower Township	2.540	2.150
Middle Township	2.490	2.180
North Wildwood City	2.560	2.240
Ocean City	1.850	1.240
Sea Isle City	1.680	0.930
Stone Harbor Borough	0.770	0.720
Upper Township	1.870	1.640
West Cape May Borough	1.690	1.480
West Wildwood Borough	2.650	2.210
Wildwood City	3.200	2.870
Wildwood Crest Borough	2.100	1.750
Woodbine Borough	2.170	1.760
Cumberland		
Bridgeton City	3.191	2.811
Commercial Township	2.725	2.279
Deerfield Township	3.700	2.884
Downe Township	3.107	2.744
Fairfield Township	2.160	2.146
Greenwich Township	3.915	3.171
Hopewell Township	2.549	2.689
Lawrence Township	2.731	2.550
Maurice River Township	2.709	2.331
Millville City	3.847	2.764
Shiloh Borough	3.221	3.239
Stow Creek Township	2.031	2.303
Upper Deerfield Twp.	2.435	2.509
Vineland City	3.015	2.514
Essex		
Belleville Township	13.690	3.650
Bloomfield Township	3.890	3.220
Caldwell Borough Twp.	14.740	2.450
Cedar Grove Township	8.860	2.110
East Orange City	27.130	5.840
Essex Fells Township	12.740	1.760
Fairfield Township	2.180	1.830
Glen Ridge Bor. Twp.	12.030	3.580
Irvington Township	23.260	4.690
Livingston Township	11.350	2.420
Maplewood Township	3.260	3.300
Millburn Township	1.680	1.830
Montclair Township	4.370	3.270
Newark City	24.950	2.760

County	General Tax Rate	Effective Tax Rate
North Caldwell Borough	6.120	2.140
Nutley Township	12.950	3.090
Orange City	30.950	4.120
Roseland Borough	8.920	2.120
S. Orange Village Twp.	5.010	3.470
Verona Township	7.330	2.640
West Caldwell Township	3.140	2.500
West Orange Township	8.130	3.200
Gloucester		
Clayton Borough	3.515	3.280
Deptford Township	2.784	2.760
East Greenwich Township	2.940	2.610
Elk Township	3.097	2.830
Franklin Township	2.993	2.830
Glassboro Borough	3.550	3.470
Greenwich Township	2.723	2.490
Harrison Township	2.905	2.590
Logan Township	2.410	2.360
Mantua Township	3.217	2.920
Monroe Township	3.247	2.920
National Park Borough	3.796	3.570
Newfield Borough	3.631	3.120
Paulsboro Borough	3.107	2.990
Pitman Borough	3.544	3.230
S. Harrison Township	2.914	2.580
Swedesboro Borough	3.269	2.860
Washington Township	3.293	2.940
Wenonah Borough	3.418	3.180
West Deptford Township	2.989	2.700
Westville Borough	3.292	3.040
Woodbury City	4.326	4.050
Woodbury Heights Bor.	4.300	3.120
Woolwich Township	2.835	2.290
Hudson		
Bayonne City	4.256	3.403
East Newark Borough	6.695	2.693
Guttenberg Town	4.391	2.942
Harrison Town	3.989	2.909
Hoboken City	3.261	1.772
Jersey City	4.540	3.070
Kearny Town	6.179	3.060
North Bergen Township	3.710	3.173
Secaucus Town	2.653	2.365
Union City	4.437	3.941
Weehawken Township	2.906	2.443
West New York Town	4.375	3.412

County	General Tax Rate	Effective Tax Rate
Hunterdon		
Alexandria Township	2.800	2.080
Bethlehem Township	3.030	2.330
Bloomsbury Borough	2.720	2.280
Califon Borough	3.390	2.920
Clinton Town	2.740	2.500
Clinton Township	2.310	2.080
Delaware Township	2.110	1.940
East Amwell Township	2.780	2.150
Flemington Borough	2.770	2.580
Franklin Township	2.940	2.160
Frenchtown Borough	3.380	2.460
Glen Gardner Borough	3.340	2.420
Hampton Borough	3.810	3.080
High Bridge Borough	3.320	2.790
Holland Township	2.270	1.830
Kingwood Township	2.530	1.890
Lambertville City	2.440	1.840
Lebanon Borough	2.890	2.150
Lebanon Township	2.030	2.140
Milford Borough	2.900	2.400
Raritan Township	2.900	2.150
Readington Township	2.260	2.010
Stockton Borough	2.710	1.920
Tewksbury Township	1.880	1.880
Union Township	2.060	1.840
West Amwell Township	1.970	2.000
Mercer		
East Windsor Township	3.670	3.200
Ewing Township	3.540	3.100
Hamilton Township	2.840	2.710
Hightstown Borough	4.460	3.800
Hopewell Borough	3.260	2.630
Hopewell Township	2.660	2.350
Lawrence Township	2.860	2.550
Pennington Borough	3.510	2.630
Princeton Borough	2.810	2.110
Princeton Township	2.570	2.010
Trenton City	3.970	3.810
Washington Township	3.390	2.760
West Windsor Township	3.960	2.930
Middlesex		
Carteret Borough	3.720	3.080
Cranbury Township	3.400	1.950
Dunellen Borough	7.280	2.950

County	General Tax Rate	Effective Tax Rate
East Brunswick Township	5.820	2.640
Edison Township	2.940	2.460
Helmetta Borough	6.370	3.170
Highland Park Borough	4.740	3.250
Jamesburg Borough	3.590	3.260
Metuchen Borough	3.260	2.570
Middlesex Borough	5.160	2.980
Milltown Borough	3.170	2.730
Monroe Township	2.580	2.010
New Brunswick City	3.630	3.070
North Brunswick Twp.	3.160	2.710
Old Bridge Township	3.220	2.680
Perth Amboy City	3.050	2.590
Piscataway Township	4.080	2.540
Plainsboro Township	2.700	2.530
Sayreville Borough	3.020	2.430
South Amboy City	5.190	2.510
South Brunswick Twp.	2.760	2.470
South Plainfield Bor.	3.580	2.360
South River Borough	4.310	2.200
Spotswood Borough	6.440	2.860
Woodbridge Township	5.580	2.690
Monmouth		
Aberdeen Township	3.982	2.959
Allenhurst Borough	1.203	1.369
Allentown Borough	3.416	3.094
Asbury Park City	3.853	3.687
Atlantic Highlands Bor.	3.506	2.523
Avon-by-the-Sea Bor.	2.050	1.461
Belmar Borough	3.256	2.124
Bradley Beach Borough	2.128	2.547
Brielle Borough	2.527	1.931
Colts Neck Township	2.690	1.863
Deal Borough	0.638	0.866
Eatontown Borough	2.937	2.614
Englishtown Borough	3.022	2.493
Fair Haven Borough	3.410	2.288
Farmingdale Borough	3.070	2.533
Freehold Borough	3.221	2.689
Freehold Township	2.709	2.220
Hazlet Township	3.437	2.672
Highlands Borough	4.516	3.310
Holmdel Township	2.816	1.976
Howell Township	3.174	2.626
Interlaken Borough	2.301	1.591

County	General Tax Rate	Effective Tax Rate
Monmouth (continued)		
Keansburg Borough	3.922	3.198
Keyport Borough	3.392	3.008
Little Silver Borough	3.198	2.276
Loch Arbour Village	1.285	1.698
Long Branch City	3.499	2.783
Manalapan Township	3.272	2.344
Manasquan Borough	2.818	1.854
Marlboro Township	3.374	2.338
Matawan Borough	3.868	3.093
Middletown Township	3.083	2.393
Millstone Township	1.928	2.138
Monmouth Beach Bor.	2.940	1.859
Neptune Township	3.327	2.542
Neptune City Borough	3.589	2.820
Ocean Township	3.207	2.394
Oceanport Borough	2.862	2.196
Red Bank Borough	2.697	2.472
Roosevelt Borough	4.621	3.629
Rumson Borough	2.811	1.764
Sea Bright Borough	2.843	1.980
Sea Girt Borough	1.784	1.099
Shrewsbury Borough	3.145	2.261
Shrewsbury Township	3.920	3.154
South Belmar Borough	3.075	2.400
Spring Lake Borough	1.378	1.062
Spring Lake Heights Bor.	1.527	1.527
Tinton Falls Borough	3.052	2.464
Union Beach Borough	3.292	2.901
Upper Freehold Township	2.663	2.305
Wall Township	1.902	2.083
West Long Branch Bor.	2.461	2.245
Morris		
Boonton Town	2.790	2.280
Boonton Township	2.340	1.840
Butler Borough	4.580	2.420
Chatham Borough	2.890	1.730
Chatham Township	2.300	1.600
Chester Borough	2.080	2.340
Chester Township	2.610	1.890
Denville Township	1.820	2.020
Dover Town	3.120	2.660
East Hanover Township	1.370	1.490
Florham Park Borough	1.830	1.350
Hanover Township	1.850	1.460
Harding Township	0.800	0.940
Jefferson Township	2.810	2.290
Kinnelon Borough	2.050	2.170
Lincoln Park Borough	3.050	2.580
Long Hill Township	1.870	2.090
Madison Borough	1.890	1.740
Mendham Borough	2.640	1.810
Mendham Township	2.540	1.780
Mine Hill Township	3.110	2.510
Montville Township	2.190	1.850
Morris Township	1.750	1.730
Morris Plains Borough	2.370	1.910
Morristown Town	3.020	2.400
Mountain Lakes Borough	2.890	2.120
Mount Arlington Borough	3.060	2.210
Mount Olive Township	2.930	2.650
Netcong Borough	3.020	2.870
Parsippany-Troy Hills Twp.	4.930	2.320
Pequannock Township	2.890	2.190
Randolph Township	2.340	2.230
Riverdale Borough	2.040	1.780
Rockaway Borough	2.830	2.460
Rockaway Township	2.320	2.630
Roxbury Township	2.650	2.430
Victory Gardens Borough	3.350	2.460
Washington Township	2.750	2.310
Wharton Borough	3.060	2.430
Ocean		
Barnegat Township	3.371	2.789
Barnegat Light Borough	1.696	1.096
Bay Head Borough	0.834	0.944
Beach Haven Borough	2.238	1.401
Beachwood Borough	2.799	2.411
Berkeley Township	2.407	2.051
Brick Township	2.774	2.208
Dover Township	2.653	2.070
Eagleswood Township	2.771	2.562
Harvey Cedars Borough	1.873	1.194
Island Heights Borough	3.288	2.489
Jackson Township	3.056	2.479
Lacey Township	2.479	2.076
Lakehurst Borough	3.641	3.321
Lakewood Township	3.072	2.437
Lavallette Borough	1.620	1.146
Little Egg Harbor Twp.	3.017	2.762
Long Beach Township	1.645	1.136
Manchester Township	2.497	2.264
Mantoloking Borough	0.649	0.782
Ocean Township	3.039	2.616

County	General Tax Rate	Effective Tax Rate
Ocean (continued)		
Ocean Gate Borough	2.986	2.606
Pine Beach Borough	2.569	2.206
Plumsted Township	2.550	2.167
Point Pleasant Borough	2.751	2.205
Pt. Pleasant Beach Bor.	2.569	1.767
Seaside Heights Borough	2.889	2.474
Seaside Park Borough	2.619	1.856
Ship Bottom Borough	1.917	1.358
South Toms River Bor.	3.106	2.675
Stafford Township	2.337	2.219
Surf City Borough	1.878	1.220
Tuckerton Borough	3.332	2.912
Passaic		
Bloomingdale Borough	3.950	3.110
Clifton City	3.020	2.690
Haledon Borough	3.450	3.220
Hawthorne Borough	3.340	2.710
Little Falls Township	3.430	2.180
North Haledon Borough	4.810	2.390
Passaic City	4.310	3.650
Paterson City	22.110	3.760
Pompton Lakes Borough	4.060	3.180
Prospect Park Borough	3.360	3.060
Ringwood Borough	3.820	2.990
Totowa Borough	2.580	2.160
Wanaque Borough	4.190	3.060
Wayne Township	2.960	2.330
West Milford Township	4.270	3.110
West Paterson Borough	3.000	2.490
Salem		
Alloway Township	2.454	2.380
Carneys Point Township	3.229	2.830
Elmer Borough	3.462	2.880
Elsinboro Township	3.292	2.850
Lower Alloways Crk. Twp.	1.330	1.000
Mannington Township	3.036	2.240
Oldmans Township	3.218	2.540
Penns Grove Borough	4.212	3.280
Pennsville Township	3.094	2.720
Pilesgrove Township	2.706	2.500
Pittsgrove Township	3.610	2.550
Quinton Township	2.729	2.720
Salem City	4.244	3.420
Upper Pittsgrove Twp.	3.064	2.420
Woodstown Borough	3.308	3.050

County	General Tax Rate	Effective Tax Rate
Somerset		
Bedminster Township	1.270	1.310
Bernards Township	1.760	1.870
Bernardsville Borough	1.510	1.590
Bound Brook Borough	3.100	2.740
Branchburg Township	2.100	2.060
Bridgewater Township	1.830	1.790
Far Hills Borough	0.980	1.120
Franklin Township	2.160	2.390
Green Brook Township	2.670	2.060
Hillsborough Township	2.570	2.370
Manville Borough	3.020	2.530
Millstone Borough	2.240	2.400
Montgomery Township	2.390	2.440
North Plainfield Borough	3.600	3.170
Peapack & Gladstone Bor.	1.640	1.520
Raritan Borough	2.790	2.250
Rocky Hill Borough	2.150	1.700
Somerville Borough	3.570	3.320
South Bound Brook Bor.	3.990	3.540
Warren Township	1.750	1.780
Watchung Borough	1.830	1.750
Sussex		
Andover Borough	2.640	2.430
Andover Township	3.470	2.810
Branchville Borough	2.160	2.160
Byram Township	3.590	2.820
Frankford Township	3.010	2.690
Franklin Borough	3.910	3.300
Fredon Township	2.910	2.550
Green Township	3.250	2.710
Hamburg Borough	2.740	2.990
Hampton Township	2.930	2.720
Hardyston Township	2.970	2.630
Hopatcong Borough	3.260	3.020
Lafayette Township	2.850	2.350
Montague Township	2.580	2.420
Newton Town	3.520	3.130
Ogdensburg Borough	3.630	3.320
Sandyston Township	2.690	2.510
Sparta Township	2.370	2.600
Stanhope Borough	4.070	3.270
Stillwater Township	3.400	2.840
Sussex Borough	3.260	2.910
Vernon Township	3.340	2.860
Walpack Township	1.680	1.490
Wantage Township	3.200	2.690

County	General Tax Rate	Effective Tax Rate
Union		
Berkeley Heights Twp.	2.241	1.810
Clark Township	5.454	2.610
Cranford Township	3.326	2.220
Elizabeth City	12.633	2.740
Fanwood Borough	7.749	2.610
Garwood Borough	5.267	2.550
Hillside Township	4.451	3.640
Kenilworth Borough	2.516	2.250
Linden City	3.093	2.630
Mountainside Borough	3.781	1.610
New Providence Borough	2.641	2.080
Plainfield City	4.164	3.200
Rahway City	3.460	3.080
Roselle Borough	4.932	4.360
Roselle Park Borough	7.369	3.290
Scotch Plains Township	6.120	2.400
Springfield Township	3.907	2.330
Summit City	2.398	1.610
Union Township	10.770	2.790
Westfield Town	4.926	2.120
Winfield Township	121.682	11.870

County	General Tax Rate	Effective Tax Rate
Warren		
Allamuchy Township	2.470	2.050
Alpha Borough	3.560	3.330
Belvidere Town	3.510	3.210
Blairstown Township	2.300	2.020
Franklin Township	3.030	2.610
Frelinghuysen Township	2.750	2.480
Greenwich Township	2.020	2.310
Hackettstown Town	3.070	3.140
Hardwick Township	2.280	2.460
Harmony Township	2.530	2.060
Hope Township	2.700	2.410
Independence Township	2.910	2.460
Knowlton Township	2.320	2.540
Liberty Township	3.180	2.640
Lopatcong Township	2.650	2.360
Mansfield Township	3.910	2.760
Oxford Township	2.630	2.350
Phillipsburg Town	2.970	2.770
Pohatcong Township	3.210	2.860
Washington Borough	3.760	3.270
Washington Township	3.100	2.840
White Township	2.110	1.810

Abstract of Ratables and Exemptions 2002

COUNTY	Col. 1 — TAXABLE VALUE (a) Land	Col. 1 — TAXABLE VALUE (b) Improvements (Includes Partial Exemptions & Abatements)	Col. 2 — Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Col. 3 — Total Taxable Value—Partial Exemptions and Abatements (Assessed Value)	Col. 4 — Net Total Taxable Value of Land and Improvements (Col. 2 – 3)
Atlantic	$ 6,834,017,075	$ 12,768,584,980	$ 19,602,602,055	$ 40,940,800	$ 19,561,661,255
Bergen	38,776,185,900	42,865,294,543	81,641,480,443	7,421,200	81,634,059,243
Burlington	6,716,632,636	15,890,323,478	22,606,956,114	45,083,400	22,561,872,714
Camden	5,385,629,249	14,495,204,879	19,880,834,128	33,917,450	19,846,916,678
Cape May	8,686,335,586	7,254,823,188	15,941,158,774	7,109,410	15,934,049,364
Cumberland	972,725,745	3,208,443,825	4,181,169,570	50,505,440	4,130,664,130
Essex	8,983,961,550	14,018,414,398	23,002,375,948	32,574,600	22,969,801,348
Gloucester	3,508,800,600	9,132,370,350	12,641,170,950	46,032,725	12,595,138,225
Hudson	7,265,191,358	13,469,634,673	20,734,826,031	1,141,399,585	19,593,426,446
Hunterdon	5,010,696,257	8,229,196,634	13,239,892,891	148,500	13,239,744,391
Mercer	7,178,673,754	14,178,329,539	21,357,003,293	15,547,630	21,341,455,663
Middlesex	13,796,245,525	25,757,916,275	39,554,161,800	109,549,500	39,444,612,300
Monmouth	19,304,773,970	27,526,936,201	46,831,710,171	18,200,450	46,813,509,721
Morris	20,776,154,194	28,697,727,037	49,473,881,231	340,200	49,473,541,031
Ocean	15,971,333,409	20,402,730,944	36,374,064,353	2,688,100	36,371,376,253
Passaic	8,921,515,849	11,814,849,543	20,736,365,392	6,322,300	20,730,043,092
Salem	675,552,898	2,130,052,672	2,805,605,570	123,400	2,805,482,170
Somerset	12,842,905,757	23,079,099,151	35,922,004,908	5,017,600	35,916,987,308
Sussex	3,500,632,950	6,079,507,551	9,580,140,501		9,580,140,501
Union	9,581,688,850	14,119,787,803	23,701,476,653	9,837,600	23,691,639,053
Warren	1,857,453,849	4,732,298,438	6,589,752,287	9,657,885	6,580,094,402
TOTALS	$206,547,106,961	$319,851,526,102	$526,398,633,063	$1,582,417,775	$524,816,215,288

Abstract of Ratables and Exemptions 2002 (continued)

	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9		Col. 10
					TRUE VALUE		EQUALIZATION
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)	(a) U.E.Z. Abatement Expired	(b) Class II Railroad Property (C.139, L. 1966)	(a) Amounts Deducted Under (R.S. 54:3-17 to R.S. 54:3-19)
Atlantic	$ 82,342,072	$ 19,644,003,327					$ 144,979,893
Bergen	200,888,160	81,834,947,403					636,272,326
Burlington	113,001,362	22,674,874,076					2,861,289
Camden	125,487,062	19,972,403,740					18,467,140
Cape May	34,115,261	15,968,164,625					41,490,001
Cumberland	33,794,606	4,164,458,736					31,773,313
Essex	65,821,134	23,035,622,482					519,743,993
Gloucester	227,372,213	12,822,510,438					
Hudson	82,859,500	19,676,285,946					
Hunterdon	53,847,799	13,293,592,190					41,793,170
Mercer	105,300,609	21,446,756,272			$1,374,913		
Middlesex	187,330,650	39,631,942,950					
Monmouth	191,468,594	47,004,978,315					940,367,337
Morris	167,267,170	49,640,808,201					1,297,187,046
Ocean	123,878,114	36,495,254,367					259,098,508
Passaic	65,647,846	20,795,690,938					
Salem	18,352,082	2,823,834,252					
Somerset	100,390,929	36,017,378,237					1,035,690,305
Sussex	49,051,427	9,629,191,928					213,963,059
Union	69,322,615	23,760,961,668					
Warren	35,867,490	6,615,961,892					110,375,187
TOTALS	$2,133,406,695	$526,949,621,983			$1,374,913		$5,294,062,567

Abstract of Ratables and Exemptions 2002 (continued)

	Col. 10	Col. 11	Col. 12—APPORTIONMENT OF TAXES				
			Section A County Taxes				
	EQUALIZATION		I	II ADJUSTMENTS RESULTING FROM			
				County Equalization Table Appeals (R.S. 54:51A-4)		Appeals and Corrected Errors (R.S. 54:4-49; R.S. 54:4-53)	
COUNTY	(b) Amounts Added Under R.S. 54:3-17 to R.S. 54:3-19 and N.J.S.A. 54:11D-7	Net Valuation on Which County Taxes Are Apportioned (Col. 6 – 9(a) + 9(b) – 10(a) + 10(b))	Total County Taxes Apportioned (Including Total Net Adjustments)	(a) Deduct Overpayment	(b) Add Underpayment	(c) Deduct Overpayment	(d) Add Underpayment
Atlantic	$ 2,962,690,536	$ 22,461,713,970	$ 94,876,247.95			$ 133,868.62	
Bergen	23,783,467,340	104,982,142,417	229,481,553.45			792,394.45	
Burlington	2,836,373,621	25,508,386,408	118,043,398.59			93,599.59	
Camden	2,093,726,777	22,047,663,377	196,218,157.00			296,457.00	
Cape May	4,879,213,345	20,805,887,969	68,499,757.56			32,630.72	$ 923.16
Cumberland	751,285,111	4,883,970,534	43,986,957.65			201,957.65	
Essex	25,105,077,040	47,620,955,529	293,738,213.44			3,494,919.44	
Gloucester	1,179,177,217	14,001,687,655	84,554,593.22			104,055.79	130,462.57
Hudson	7,735,526,395	27,411,812,341	190,196,983.86			771,881.86	
Hunterdon	2,337,786,843	15,589,585,863	60,689,935.89			97,303.79	4,182.90
Mercer	3,525,816,203	24,971,197,562	146,615,345.82			272,279.82	
Middlesex	15,233,705,436	54,865,648,386	205,517,656.33			245,193.23	270,536.90
Monmouth	12,748,821,401	58,813,432,379	235,885,959.55			130,633.31	264,673.76
Morris	10,184,783,008	58,528,404,163	152,482,706.96			595,217.70	7,004.97
Ocean	8,999,840,917	45,235,996,776	203,941,491.92			178,966.61	110,668.69
Passaic	7,863,248,537	28,658,939,475	171,814,323.44			645,983.44	
Salem	534,609,483	3,358,443,735	33,333,078.26			33,078.26	
Somerset	1,197,346,035	36,179,033,967	135,574,691.77			288,958.27	2,605.50
Sussex	1,118,903,833	10,534,132,702	51,984,805.00			86,917.00	
Union	18,039,049,399	41,800,011,067	174,354,567.54			521,800.54	
Warren	809,235,504	7,314,822,209	44,679,615.83			72,817.96	202.13
TOTALS	$153,919,683,981	$675,573,868,484	$2,936,470,041.03			$9,090,915.05	$791,260.58

Abstract of Ratables and Exemptions 2002 (continued)

Col. 12—APPORTIONMENT OF TAXES

COUNTY	Section A County Taxes: III Net County Taxes Apportioned	Section A County Taxes: IV Municipal Budget State Aid (R.S. 52:27D-118.40)	Section A County Taxes: V Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII – IV – Addendum 1(a))	Section B: (a) County Library Taxes	Section B: (b) County Health Taxes	Section B: (c) County Open Space Taxes
Atlantic	$ 94,742,379.33		$ 94,742,379.33	$ 4,570,400.00	$ 3,663,434.00	$ 4,492,342.77
Bergen	228,689,159.00		228,689,159.00			4,268,955.36
Burlington	117,949,799.00		117,949,799.00	6,207,000.00		10,203,000.00
Camden	195,921,700.00		195,921,700.00	6,446,855.00		2,204,766.00
Cape May	68,468,050.00		68,468,050.00	4,448,665.18		2,080,588.80
Cumberland	43,785,000.00		43,785,000.00		1,184,556.00	488,397.05
Essex	290,243,294.00		290,243,294.00			4,762,095.55
Gloucester	84,581,000.00		84,581,000.00	2,202,866.00		2,800,459.00
Hudson	189,425,102.00		189,425,102.00			
Hunterdon	60,596,815.00		60,596,815.00	4,263,395.00		4,771,000.00
Mercer	146,343,066.00		146,343,066.00	7,979,127.00		4,984,517.00
Middlesex	205,543,000.00		205,543,000.00			16,459,695.00
Monmouth	236,020,000.00		236,020,000.00	8,692,716.00	1,277,815.00	10,000,000.00
Morris	151,894,494.23		151,894,494.23			20,484,941.46
Ocean	203,873,194.00		203,873,194.00	20,312,000.00	6,900,000.00	5,448,000.00
Passaic	171,168,340.00		171,168,340.00			2,865,893.96
Salem	33,300,000.00		33,300,000.00			
Somerset	135,288,339.00		135,288,339.00	7,796,919.00		10,829,942.68
Sussex	51,897,888.00	$20,866.00	51,877,022.00	3,554,996.00	1,070,873.00	2,086,446.00
Union	173,832,767.00		173,832,767.00			6,270,001.66
Warren	44,607,000.00		44,607,000.00	3,247,226.00		2,925,929.00
TOTALS	$2,928,170,386.56	$20,866.00	$2,928,149,520.56	$79,722,165.18	$14,096,678.00	$118,426,971.29

Abstract of Ratables and Exemptions 2002 (continued)

Col. 12—APPORTIONMENT OF TAXES

Section C
Local Taxes to be Raised for

COUNTY	I DISTRICT SCHOOL PURPOSES (a) District School Budget (Adjusted by Addendum 1(b))	I DISTRICT SCHOOL PURPOSES (b) Regional Consolidated and Joint School Budgets	I DISTRICT SCHOOL PURPOSES (c) Local School Budget	II LOCAL MUNICIPAL PURPOSES (a) Local Municipal Budget (Adjusted by Addendum 1(c))	II LOCAL MUNICIPAL PURPOSES (b) Local Municipal Open Space
Atlantic	$ 211,093,573.50	$ 33,792,538.99	$ 5,155,000.08	$ 224,162,575.80	
Bergen	1,101,255,694.90	147,688,102.10	1,042,000.00	616,006,446.29	$ 1,895,030.35
Burlington	341,212,252.00	94,092,026.20	7,424,724.00	108,978,855.98	4,638,277.47
Camden	360,440,041.13	38,605,574.99		143,995,758.35	667,284.18
Cape May	92,250,608.50	12,647,623.00		93,479,249.78	
Cumberland	44,442,000.00	5,783,924.56	67,018.50	30,682,566.74	
Essex	530,020,719.48	109,489,975.64	10,140,464.09	426,902,910.53	513,349.21
Gloucester	195,120,154.77	29,574,747.19		87,275,029.44	908,278.81
Hudson	278,740,854.50		12,699,292.63	308,565,695.75	
Hunterdon	142,951,080.29	76,224,166.35		33,114,196.69	3,621,207.80
Mercer	193,778,346.50	184,626,605.64	1,389,485.00	136,835,859.98	3,963,645.51
Middlesex	826,067,821.00	39,645,556.61	1,486,508.11	311,183,704.68	4,053,488.62
Monmouth	595,244,221.00	210,098,065.40	12,471.00	266,795,471.10	4,312,689.64
Morris	564,976,252.85	169,905,938.77		264,970,887.08	8,263,679.36
Ocean	305,868,044.00	153,559,925.63	5,176,061.00	204,613,440.33	2,241,545.15
Passaic	351,806,162.50	30,540,617.00	12,640.00	246,211,670.88	295,286.00
Salem	33,151,467.50	13,065,811.01		7,783,238.79	15,000.00
Somerset	349,424,522.49	110,168,308.14		119,231,343.22	11,490,182.55
Sussex	129,797,904.34	49,969,037.54		52,905,350.40	977,995.14
Union	468,775,501.00	48,370,122.44	2,003,881.50	323,969,345.66	191,813.00
Warren	80,294,018.00	28,936,128.00		24,792,212.73	1,200,318.16
TOTALS	$7,196,711,240.25	$1,586,784,795.20	$46,609,545.91	$4,032,455,810.20	$49,249,070.95

Abstract of Ratables and Exemptions 2002 (continued)

COUNTY	Col. 12 — Section D Total Tax Levy on Which Tax Rate is Computed (Cols. AV + B(a), (b), (c) + CI(a), (b), (c) + CII(a), (b))	Col. 13 — REAL PROPERTY EXEMPT FROM TAXATION (a) Public School Property	(b) Other School Property	(c) Public Property	(d) Church and Charitable Property
Atlantic	$ 581,672,244.47	$ 554,554,700	$ 33,893,900	$ 1,590,828,010	$ 194,646,500
Bergen	2,100,845,388.00	1,858,568,250	631,824,575	5,036,528,220	1,010,980,500
Burlington	690,705,934.65	613,130,270	73,375,700	1,873,721,876	414,974,770
Camden	748,281,979.65	827,364,719	194,919,500	1,444,756,420	625,715,528
Cape May	273,374,785.26	128,936,800	22,811,100	626,069,400	195,164,910
Cumberland	126,433,462.85	183,905,300	23,840,500	729,065,100	127,972,700
Essex	1,372,888,133.50[1]	732,091,700	500,845,100	2,719,408,300	730,611,300
Gloucester	402,462,535.21	404,148,600	184,959,000	409,665,300	276,959,550
Hudson	789,430,944.88	566,666,700	132,633,900	2,274,545,980	648,927,340
Hunterdon	325,541,861.13	203,811,020	15,811,700	692,983,958	153,386,075
Mercer	679,900,652.63	528,202,500	1,703,629,250	2,413,140,289	511,541,100
Middlesex	1,404,439,774.02	1,841,519,400	845,724,800	1,295,973,050	858,904,150
Monmouth	1,332,453,449.14	1,030,863,899	203,114,300	1,888,700,155	601,765,900
Morris	1,180,496,193.75	813,439,600	281,790,600	2,699,181,300	713,047,700
Ocean	907,992,210.11	587,716,239	55,085,400	2,085,855,349	390,631,880
Passaic	802,900,610.34[2]	502,456,600	233,035,600	1,346,314,525	633,814,900
Salem	87,315,517.30	91,114,250	17,966,800	156,373,422	71,083,450
Somerset	744,229,557.08	465,227,200	89,078,800	998,558,732	347,980,600
Sussex	292,239,624.42	253,661,800	17,176,500	488,669,289	123,275,290
Union	1,023,413,432.26	655,240,800	209,715,500	1,810,060,000	617,045,800
Warren	186,002,831.89	168,761,473	49,067,842	246,431,236	120,999,350
TOTALS	$16,053,021,122.54	$13,011,381,820	$5,520,300,367	$32,826,829,911	$9,369,429,293

[1]Includes special garbage district levy $815,325.00
[2]Includes special garbage district levy $2,370,575

Abstract of Ratables and Exemptions 2002 (continued)

	Col. 13			Col. 14	
	REAL PROPERTY EXEMPT FROM TAXATION			AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET	
COUNTY	(e) Cemeteries and Graveyards	(f) Other Exemptions Not Included in Foregoing Classifications	(g) Total Amount of Real Property Exempt From Taxation (a + b + c + d + e + f)	(a) Surplus Revenue Appropriated	(b) Miscellaneous Revenue Anticipated
Atlantic	$ 16,862,800	$ 839,542,024	$ 3,230,327,934	$ 21,409,589.84	$ 82,245,021.87
Bergen	372,800,700	2,954,190,437	11,864,892,682	92,933,669.91	238,763,105.42
Burlington	13,937,100	544,212,582	3,533,352,298	48,063,580.00	112,698,131.61
Camden	31,015,700	563,600,429	3,687,372,296	33,464,026.63	206,156,877.00
Cape May	2,550,500	287,162,650	1,262,695,360	20,597,346.00	69,064,858.99
Cumberland	6,632,100	218,505,900	1,289,921,600	10,660,417.98	53,630,165.02
Essex	48,859,400	767,121,550	5,498,937,350	47,572,861.41	613,120,304.29
Gloucester	9,040,100	158,092,700	1,442,865,250	22,008,323.31	68,909,421.09
Hudson	162,511,500	2,167,881,107	5,953,166,527	19,398,225.00	461,633,682.10
Hunterdon	12,551,300	93,263,100	1,171,807,153	20,104,578.00	38,466,974.97
Mercer	26,747,700	700,102,500	5,883,363,339	31,663,878.94	219,415,349.31
Middlesex	105,214,200	1,286,811,600	6,234,147,200	54,065,793.11	288,175,017.14
Monmouth	69,493,000	1,267,802,150	5,061,739,404	84,515,568.23	187,621,908.60
Morris	42,080,750	684,476,600	5,234,016,550	62,356,338.26	145,522,163.80
Ocean	16,896,100	317,132,386	3,453,317,354	62,582,928.99	134,205,211.22
Passaic	77,375,000	360,943,831	3,153,940,456	33,528,370.00	169,835,945.83
Salem	1,459,100	85,624,536	423,621,558	7,484,735.33	35,132,725.98
Somerset	26,854,567	523,033,106	2,450,733,005	41,160,419.96	89,086,779.07
Sussex	3,843,600	129,951,600	1,016,578,079	18,035,075.84	33,926,650.82
Union	169,876,800	401,787,700	3,863,726,600	41,333,987.00	216,124,700.56
Warren	6,376,616	144,960,058	736,596,575	12,910,371.00	28,936,991.67
TOTALS	$1,222,978,633	$14,496,198,546	$76,447,118,570	$785,850,084.74	$3,492,671,986.36

Abstract of Ratables and Exemptions 2002 (continued)

COUNTY	Col. 14 — Amount of Miscellaneous Revenue for the Support of the Local Municipal Budget (c) Receipts from Delinquent Tax and Liens	Col. 14 — (d) Total of Miscellaneous Revenues (a + b + c)	Col. 15 — Deductions Allowed (a) Full Estimated Amount of Senior Citizen, Totally Disabled and Surviving Spouse Deductions Allowed	Col. 15 — Deductions Allowed (b) Veterans Deductions	Col. 16 — Total Ratables Determined Pursuant to R.S. 54:1-35 After Equalization Under R.S. 54:1-33 and R.S. 54:1-34
Atlantic	$ 5,748,046.00	$ 109,402,657.71	$ 888,000	$ 1,919,400	$ 21,324,237,234
Bergen	24,977,542.00	356,674,317.33	2,861,300	7,151,450	96,569,745,725
Burlington	13,434,270.00	174,195,981.61	1,377,500	4,276,400	25,259,983,879
Camden	14,995,318.38	254,616,222.01	2,480,150	4,072,500	21,816,106,382
Cape May	6,297,403.26	95,959,608.25	509,750	1,256,350	20,727,685,864
Cumberland	4,701,182.63	68,991,765.63	969,500	1,064,000	4,742,714,043
Essex	56,403,599.53	717,096,765.23	1,315,100	2,934,650	46,866,557,377
Gloucester	10,947,239.00	101,864,983.40	1,233,250	2,444,266	13,896,938,335
Hudson	8,890,820.23	489,922,727.33	1,119,250	1,599,800	26,798,739,610
Hunterdon	5,178,394.20	63,749,947.17	232,350	903,300	13,736,923,854
Mercer	15,415,851.29	266,495,079.54	1,360,500	2,532,850	24,734,793,584
Middlesex	14,002,056.30	356,242,866.55	2,487,950	5,847,613	54,406,729,006
Monmouth	22,555,011.58	294,692,488.41	1,343,250	4,632,400	58,606,130,088
Morris	14,666,406.00	222,544,908.06	885,750	3,488,000	58,119,171,857
Ocean	16,882,235.00	213,670,375.21	3,850,767	7,842,400	45,154,676,991
Passaic	9,595,416.01	212,959,731.84	1,416,625	2,810,150	28,358,323,009
Salem	3,840,849.00	46,458,310.31	349,500	688,200	3,253,083,052
Somerset	7,223,249.94	137,470,448.97	639,250	1,972,600	36,256,005,292
Sussex	6,908,762.00	58,870,488.66	385,700	1,152,950	10,470,176,741
Union	18,224,652.00	275,683,339.56	1,809,500	3,702,800	39,496,247,316
Warren	5,356,467.16	47,203,829.83	403,000	910,500	7,250,092,248
TOTALS	$286,244,771.51	$4,564,766,842.61	$27,917,942	$63,202,579	$657,845,061,487

Abstract of Ratables and Exemptions 2002 (continued)

	Addendum 1			Addendum 2				
	STATE AID ADJUSTMENT FOR BUSINESS PERSONAL PROPERTY TAX			REGIONAL EFFICIENCY AID PROGRAM (R.E.A.P.) DISTRIBUTION SUMMARY				
COUNTY	(a) County Adjustment	(b) School Adjustment	(c) Municipal Adjustment	(a) Eligible Property Assessments	(b) Municipal R.E.A.P. Aid	(c) School R.E.A.P. Aid	(d) County R.E.A.P. Aid	(e) Total R.E.A.P. Aid
Atlantic								
Bergen		$ 288,651		$1,970,915,700				$1,361,668
Burlington		138,124		184,847,900				158,962
Camden		495,349		11,406,700				15,165
Cape May		11,199						
Cumberland		45,399						
Essex		2,097,190						
Gloucester		27,311		102,226,100				106,967
Hudson				2,735,766,465				7,009,017
Hunterdon								
Mercer		83,909						
Middlesex								
Monmouth		1,758,011						
Morris		643,112						
Ocean		20,345						
Passaic		65,778						
Salem		99,261		48,970,000				57,106
Somerset		223,627						
Sussex								
Union								
Warren								
TOTALS		$5,997,266		$5,054,132,865				$8,708,885

2002 Assessed Value of Partial Exemptions and Abatements
(Summary Addendum to Abstract of Ratables)

COUNTY	Pollution Control	Fire Suppression	Fallout Shelter	Water/ Sewage Facility	UEZ Abatement	Home Improvement	Multi-Family Dwelling	Class 4 Abatement
Atlantic	–	–	–	–	–	–	–	–
Bergen	$ 450,000	–	$ 240,000	–	–	–	–	–
Burlington	2,629,100	$2,470,900	1,000	$ 8,100,000	$ 547,900	–	–	–
Camden	79,000	–	–	–	–	–	–	–
Cape May	–	–	1,000	–	–	–	–	–
Cumberland	3,863,500	–	–	–	–	–	–	–
Essex	158,000	–	101,800	–	32,016,300	–	–	–
Gloucester	12,075,925	–	–	13,300	–	–	–	$1,299,800
Hudson	347,600	–	–	2,500,000	–	$193,600	$7,808,300	1,256,200
Hunterdon	–	–	–	–	–	–	–	–
Mercer	–	–	1,454,300	62,800	12,347,700	–	–	–
Middlesex	3,864,000	1,495,600	–	–	–	–	–	–
Monmouth	1,820,200	–	–	2,601,200	–	–	–	–
Morris	198,400	–	–	141,800	–	–	–	–
Ocean	48,600	447,500	5,800	–	–	–	–	–
Passaic	–	500,100	–	–	–	–	–	–
Salem	–	–	–	–	–	–	–	–
Somerset	–	–	–	–	–	–	–	–
Sussex	–	–	–	–	–	–	–	–
Union	127,000	–	–	–	9,710,600	–	–	–
Warren	1,209,800	–	15,200	–	4,639,285	–	–	–
TOTALS	$26,871,125	$4,914,100	$1,819,100	$13,419,100	$59,261,785	$193,600	$7,808,300	$2,556,000

2002 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	$ 7,500	$ 2,483,200	–	–	–	–	$ 38,450,100	$ 40,940,800
Bergen	345,600	6,153,800	–	–	–	–	231,800	7,421,200
Burlington	1,940,100	3,717,100	–	–	–	–	25,677,300	45,083,400
Camden	1,132,600	13,211,250	–	–	–	–	19,494,600	33,917,450
Cape May	–	1,520,300	–	$4,682,410	$ 225,000	–	680,700	7,109,410
Cumberland	–	8,103,400	–	–	–	–	38,538,540	50,505,440
Essex	146,200	152,300	–	–	–	–	–	32,574,600
Gloucester	–	5,037,600	–	–	–	–	27,606,100	46,032,725
Hudson	2,934,500	269,689,585	$11,685,000	–	3,964,400	$219,286,300	621,734,100	1,141,399,585
Hunterdon	148,500	–	–	–	–	–	–	148,500
Mercer	14,530	1,601,900	10,500	–	–	–	55,900	15,547,630
Middlesex	15,912,900	16,241,600	–	–	–	2,142,600	69,892,800	109,549,500
Monmouth	3,751,800	7,778,100	–	1,542,750	–	–	706,400	18,200,450
Morris	–	–	–	–	–	–	–	340,200
Ocean	–	762,100	–	–	–	–	1,424,100	2,688,100
Passaic	–	–	–	715,500	–	–	5,106,700	6,322,300
Salem	–	98,400	–	–	–	–	25,000	123,400
Somerset	–	4,733,000	–	–	–	–	284,600	5,017,600
Sussex	–	–	–	–	–	–	–	–
Union	–	–	–	–	–	–	–	9,837,600
Warren	–	–	–	–	–	–	3,793,600	9,657,885
TOTALS	$26,334,230	$341,283,635	$11,695,500	$6,940,660	$4,189,400	$221,428,900	$853,702,340	$1,582,417,775

Summary of 2002 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

	Col. 1	Col. 2								
		NUMBER OF DISPOSITIONS								
COUNTY	Total Number of Tax Appeals	Assessment Revised	Assessment Affirmed	Stipulated	Freeze Act	Dismissed With Prejudice	Dismissed Without Prejudice	Withdrawn	Property Tax Deduction Granted	Property Tax Deduction Denied
Atlantic	669	238	60	135	0	33	118	55	14	1
Bergen	1,905	204	180	941	0	80	405	72	0	0
Burlington	240	51	32	64	0	18	1	32	9	2
Camden	428	16	20	172	0	60	13	57	82	6
Cape May	86	9	9	24	2	10	0	7	3	2
Cumberland	212	2	0	113	0	0	4	39	52	0
Essex	2,792	33	235	777	0	188	1,154	360	19	4
Gloucester	167	61	20	46	0	12	11	15	1	0
Hudson	1,393	49	758	216	0	79	75	216	0	0
Hunterdon	351	25	24	193	2	28	10	26	0	0
Mercer	368	96	12	167	1	36	7	39	0	0
Middlesex	309	63	17	46	0	16	115	52	0	0
Monmouth	867	153	89	223	0	66	99	215	4	0
Morris	1,080	173	171	414	0	110	127	84	0	0
Ocean	625	42	38	103	0	57	30	184	46	6
Passaic	938	80	58	45	1	128	467	29	0	0
Salem	61	16	8	14	0	6	0	11	1	2
Somerset	703	232	100	189	0	17	127	30	2	1
Sussex	798	2	181	28	0	33	3	230	0	0
Union	627	26	0	138	0	14	363	74	0	0
Warren	175	28	29	86	0	12	1	15	0	0
TOTALS	14,794	1,599	2,041	4,134	6	1,003	3,130	1,842	233	24

Summary of 2002 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1) – continued

	Col. 2					Col. 3			
	NUMBER OF DISPOSITIONS					NUMBER OF APPEALS IN EACH CLASS OF PROPERTY			
						Class 1	Class 2	Class 3A	Class 3B
COUNTY	Farmland Assessment Granted	Farmland Assessment Denied	Classification	R.E.A.P. Credit	Other	Vacant Land	Residential	Farm Regular	Farm Qualified
Atlantic	11	1	3	0	0	202	372	1	6
Bergen	0	0	0	0	23	191	1,269	10	5
Burlington	0	0	20	0	11	53	112	6	1
Camden	0	0	0	2	0	34	296	0	0
Cape May	0	0	3	0	17	13	63	0	0
Cumberland	0	0	1	0	1	40	130	4	1
Essex	0	0	1	0	21	162	1,343	0	0
Gloucester	0	0	1	0	0	38	65	5	6
Hudson	0	0	0	0	0	115	655	0	0
Hunterdon	0	0	7	36	0	48	241	22	13
Mercer	0	0	1	0	9	28	251	3	3
Middlesex	0	0	0	0	0	56	96	6	8
Monmouth	1	0	17	0	0	214	446	11	3
Morris	0	0	0	0	1	209	704	7	7
Ocean	0	0	119	0	0	105	459	3	12
Passaic	0	0	0	0	130	104	284	1	3
Salem	1	0	1	0	1	15	32	1	0
Somerset	0	0	4	1	0	70	564	11	2
Sussex	0	0	3	0	318	148	366	14	37
Union	0	0	0	0	12	70	200	0	0
Warren	0	0	2	0	2	26	104	11	1
TOTALS	13	1	183	39	546	1,941	8,052	116	108

Summary of 2002 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1) – continued

	Col. 3		Col. 4	Col. 5	Col. 6	Col. 7
	NUMBER OF APPEALS IN EACH CLASS OF PROPERTY					
COUNTY	Class 4 Commercial Industrial Apartment	Other	Original Amount of Assessments	Total Assessment Reductions Granted	Total Assessment Increases Granted	Net Total Assessments (Col. 4 – 5 + 6)
Atlantic	82	6	$ 480,579,514	$ 19,909,100	$ 1,258,984	$ 461,929,398
Bergen	422	8	1,553,117,455	100,704,712	3,986,312	1,456,399,055
Burlington	67	1	65,052,010	8,523,400	22,200	56,550,810
Camden	98	0	77,514,020	6,445,500	0	71,068,520
Cape May	10	0	22,897,700	4,830,300	0	18,067,400
Cumberland	34	3	31,742,200	9,781,300	92,900	22,053,800
Essex	1,277	10	649,460,018	20,857,397	91,800	628,694,421
Gloucester	48	5	44,674,500	2,839,300	12,411,900	54,247,100
Hudson	618	5	488,194,921	18,775,421	0	469,419,500
Hunterdon	25	2	128,212,746	12,721,987	1,272,062	116,762,821
Mercer	81	2	94,372,329	23,051,399	337,500	71,658,430
Middlesex	142	1	170,278,900	6,144,900	16,911,900	181,045,900
Monmouth	192	1	388,972,500	24,956,033	384,500	364,400,967
Morris	148	5	681,465,152	54,920,120	24,635,300	651,180,332
Ocean	44	2	138,913,798	14,217,100	910,700	125,607,398
Passaic	542	4	151,398,417	6,039,522	1,425,600	146,784,495
Salem	12	1	10,624,150	1,169,050	71,000	9,526,100
Somerset	54	2	302,928,862	15,008,222	8,862,824	296,783,464
Sussex	58	175	167,757,000	10,524,400	894,100	158,126,700
Union	355	2	160,526,400	5,567,180	3,041,000	158,000,220
Warren	32	1	51,810,650	7,361,500	1,215,400	45,664,550
TOTALS	4,341	236	$5,860,493,242	$374,347,843	$77,825,982	$5,563,971,381

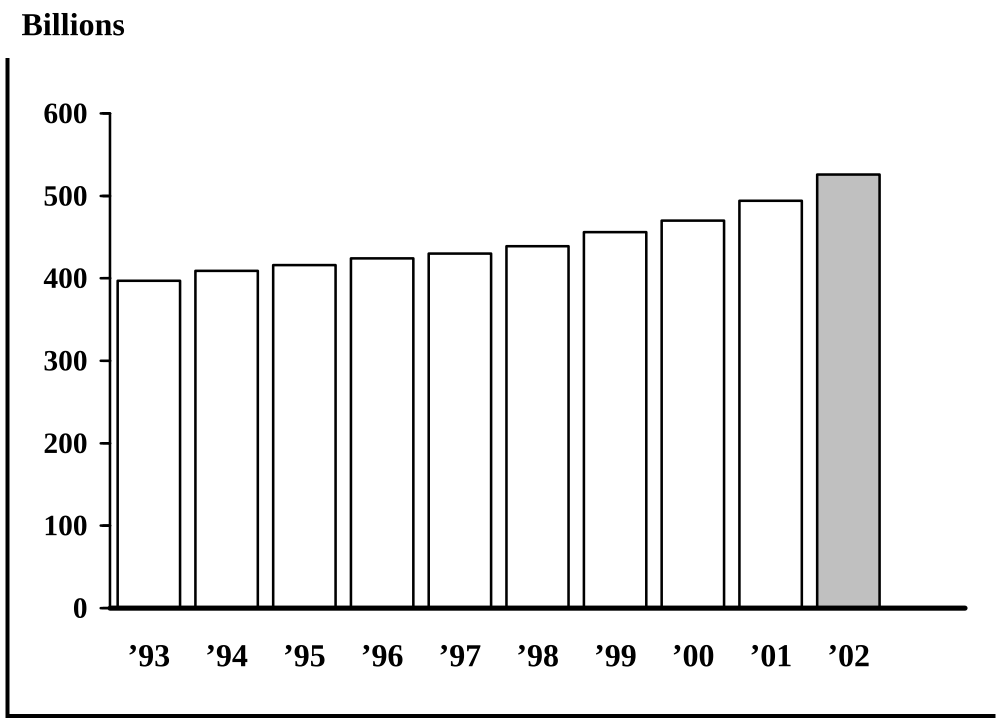
Summary of 2002 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1) – continued

Col. 8

NUMBER OF APPEALS IN EACH FILING FEE CATEGORY

COUNTY	$5	$25	$100	$150	Classification $25	Other $25	No Fee	Total
Atlantic	249	147	38	50	4	0	181	669
Bergen	121	516	348	182	15	0	723	1,905
Burlington	87	30	14	10	7	4	88	240
Camden	219	65	10	11	8	0	115	428
Cape May	32	14	5	0	0	0	35	86
Cumberland	128	12	8	8	1	0	55	212
Essex	1,870	533	189	129	30	0	41	2,792
Gloucester	74	37	5	3	2	0	46	167
Hudson	494	524	125	34	0	216	0	1,393
Hunterdon	34	207	52	4	6	0	48	351
Mercer	217	37	15	7	3	0	89	368
Middlesex	81	81	41	11	5	0	90	309
Monmouth	294	347	114	57	4	8	43	867
Morris	173	447	220	116	4	11	109	1,080
Ocean	81	100	25	22	123	0	274	625
Passaic	591	187	44	6	5	0	105	938
Salem	35	12	2	2	1	0	9	61
Somerset	112	268	78	12	4	0	229	703
Sussex	165	164	50	16	7	0	396	798
Union	284	254	55	12	0	0	22	627
Warren	59	75	8	2	4	0	27	175
TOTALS	5,400	4,057	1,446	694	233	239	2,725	14,794

Total Taxable Value
Land and Improvements in New Jersey
1993 – 2002



2002 County Values

Atlantic	$ 19,602,602,055
Bergen	81,641,480,443
Burlington	22,606,956,114
Camden	19,880,834,128
Cape May	15,941,158,774
Cumberland	4,181,169,570
Essex	23,002,375,948
Gloucester	12,641,170,950
Hudson	20,734,826,031
Hunterdon	13,239,892,891
Mercer	21,357,003,293
Middlesex	$ 39,554,161,800
Monmouth	46,831,710,171
Morris	49,473,881,231
Ocean	36,374,064,353
Passaic	20,736,365,392
Salem	2,805,605,570
Somerset	35,922,004,908
Sussex	9,580,140,501
Union	23,701,476,653
Warren	6,589,752,287
Total	**$526,398,633,063**

Taxes Administered by the Public Utility Tax Section for 2003 (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

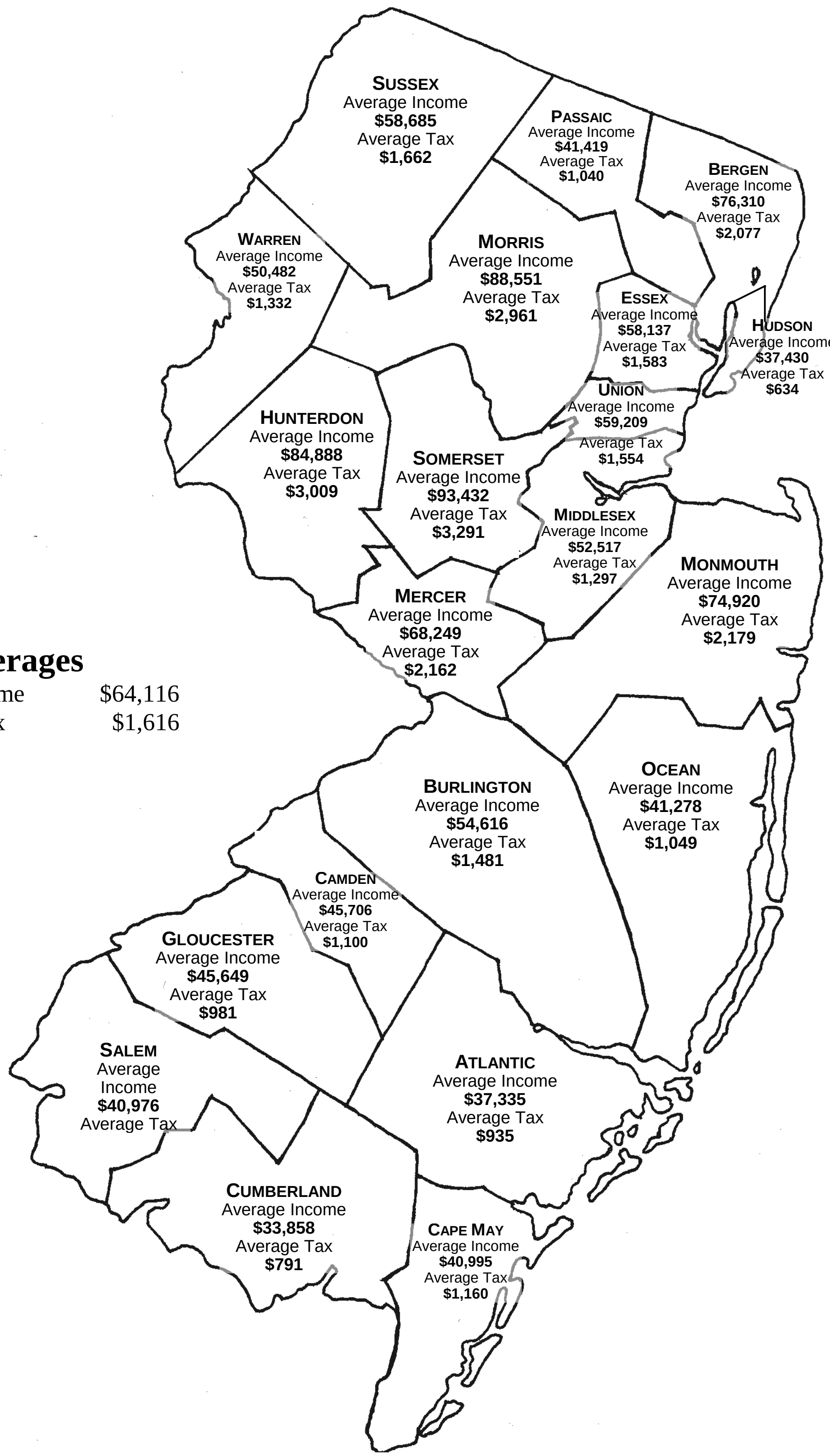
Classification	No. of Companies	PUBLIC UTILITY TAXES Excise Taxes	PUBLIC UTILITY TAXES Franchise Taxes	PUBLIC UTILITY TAXES Gross Receipts Taxes	TEFA	UTUA (CBT)	UTUA (S&U-EN)
Sewer Companies	19	$ 423,930	$ 1,138,331	$ 2,175,854	NA	NA	NA
Water Companies	48	9,157,371	29,204,719	46,489,802	NA	NA	NA
Energy Companies	14	NA	NA	NA	$232,912,350	$51,633,043	$307,455,921
Telephone Companies	3	NA	NA	NA	NA	32,148,890	NA
Totals	84	$9,581,301	$30,343,050	$48,665,656	$232,912,350	$83,781,933	$307,455,921

Total Net Tax Assessed..........$712,740,211

Individual Income Tax Returns
County Profile 2001

County	No. of Returns	NJ Taxable Income	Net Charged Tax
Atlantic	104,214	$ 3,890,782,623	$ 97,490,310
Bergen	371,527	28,351,101,697	771,678,168
Burlington	167,732	9,160,827,602	248,472,987
Camden	188,129	8,598,542,032	206,983,976
Cape May	37,813	1,550,132,280	43,881,613
Cumberland	50,197	1,699,585,880	39,723,554
Essex	291,814	16,965,241,051	462,081,360
Gloucester	98,847	4,512,222,480	96,974,598
Hudson	236,653	8,857,921,951	149,959,884
Hunterdon	48,191	4,090,835,883	145,017,006
Mercer	132,933	9,072,581,995	287,464,015
Middlesex	302,390	15,880,762,584	392,300,344
Monmouth	248,132	18,590,160,333	540,648,290
Morris	195,996	17,355,554,769	580,361,978
Ocean	212,609	8,775,982,289	223,118,709
Passaic	194,442	8,053,677,976	202,212,956
Salem	22,966	941,061,631	20,291,513
Somerset	123,682	11,555,880,315	406,982,445
Sussex	55,413	3,251,905,151	92,117,846
Union	211,362	12,514,434,155	328,486,206
Warren	39,855	2,011,950,588	53,071,541
County Unknown	249,603	14,966,484,729	445,173,348
Totals	**3,584,500**	**$210,647,629,992**	**$5,834,492,647**

Average Gross Income and Average Income Tax By County — Tax Year 2001



Statewide Averages

Average Gross Income	$64,116
Average Income Tax	$1,616

Sales and Use Tax Collections by Business Type
Return Years 2000–2002
(Dollar Amounts in Thousands)

Business Type	Number of Vendors			Total Collections			% Change	
	2000	2001	2002	2000	2001	2002	2000–2001	2001–2002
Exempt Organizations	744	724	745	$ 2,917	$ 3,343	$ 3,474	14.6%	3.9%
Manufacturing	13,358	12,978	14,330	266,040	255,590	239,081	–3.9	–6.5
Service	78,502	75,237	78,403	1,425,415	1,438,045	1,426,823	0.9	–0.8
Wholesale	11,535	11,001	11,232	247,860	244,947	237,012	–1.2	–3.2
Construction	17,831	16,997	17,708	108,286	110,600	109,354	2.1	–1.1
Retail	91,813	86,353	88,208	3,019,478	3,095,832	3,205,997	2.5	3.6
Government	31	34	30	843	2,564	2,355	204.2	–8.2
Not Classified	7,283	7,393	8,452	91,971	112,721	107,857	22.6	–4.3
Totals	**221,097**	**210,717**	**219,108**	**$5,162,810**	**$5,263,641**	**$5,331,953**	**2.0%**	**1.3%**

2003 Major Taxes
Comparison with Nearby States

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
CORPORATION NET INCOME	7.5%	8.7%	7%	9.5%	**6.5%, 7.5%, 9%**	7.5%	8.85%	5.1%, 8.5%	9.99%
PERSONAL INCOME	*3%–5.0%	*2.2%–5.95%	*2%–4.75%	5.3%	***1.4%–6.37%**	*4%–7.7%	*2.907%–4.45%	*0.743%–7.5%	2.8%

*Graduated Rates

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
MOTOR FUELS[1]									
• **Excise Tax/Gal.**									
Gasoline	$0.25	$0.23	$0.235	$0.21	**$0.105**[2]	$0.08	0	$0.24	$0.12
Diesel	$0.26	$0.22	$0.2425	$0.21	**$0.135**	$0.08	0	$0.24	$0.12
• **Sales Tax**	6%	0.5%	0	5%	**0**	4.25%	4.125%	0	0

[1] Various other taxes are applied to motor fuels in the states of Delaware, New Jersey, New York, Ohio and Pennsylvania.
[2] Liquefied petroleum gas and compressed natural gas used in motor vehicles on public highways is taxed at ½ the general motor fuels tax rate ($0.0525 per gallon).

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
ALCOHOL									
• **Excise Tax/Gal.**									
Beer	$0.19	$0.16	$0.09	$0.11	**$0.12**	$0.125	$0.245[2]	$0.18	$0.08
Wine	$0.60–$1.50	$0.97	$0.40	$0.55–$0.70	**$0.70**	$0.1893	$0.1893	$0.30–$1.48	See Footnote 4
Liquor	$2.05, $4.50	$3.64, $5.46	$1.50	$4.05	**$4.40**	$2.54, $6.44	$3.54, $7.44[2]	See Footnotes 3 and 4	See Footnote 4
• **Sales Tax**	6%	None	5%	5%[1]	**6%**	4.25%	8.375%[2]	6%	6%

[1] Purchases for off-premises consumption are not taxable.
[2] New York City rate includes New York State rate.
[3] Ohio Department of Liquor Control must pay the State Treasury $3.38 for each gallon sold.
[4] In these states, the government directly controls all sales. Revenue is generated from various taxes, fees and net profits.

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
TOBACCO									
• **Excise Tax**									
Cigarettes (20/pack)	$1.51	$0.55	$1.00	$1.51	**$2.05**	$1.50	$1.50	$0.55	$1.00
Other Tobacco (% of Wholesale Price)	20%	15%	15%	90%	**30%**	37%	37%	17%	0
• **Sales Tax**	6%	None	5%	5%	**6%**	4.25%	4.125%	6%	6%

2003 Major Taxes
Comparison with Nearby States (continued)

SALES AND USE	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
YEAR OF ADOPTION	1947	–	1947	1966	**1966**	1965	1965	1934	1953
CURRENT RATE	6%	None	5%	5%	**6%**	4.25%[1]	8.375%[2]	6%[3]	6%[4]

[1] State rate is 4.25%; counties and municipalities may impose additional tax up to 4.125% plus an additional metropolitan area surcharge of .25%.
[2] New York City rate includes New York State rate.
[3] State rate is 5%; each county may impose an additional 1.5%.
[4] State rate is 6%; City of Philadelphia imposes an additional 1% for a total of 7%.

SALES AND USE TAX EXEMPTIONS
(T—Taxable; E—Exempt)

	CT	DE*	MD	MA	NJ	NY	NYC	OH	PA
Beer On–Premises	T	E	T	T	**T**	T	T	T	T
Beer Off–Premises	T	E	T	E[1]	**T**	T	T	T	T
Cigarettes	T	E	T	T	**T**	T	T	T	T
Clothing	E[2]	E	T	E[3]	**E**	T	T	T	E
Food Off–Premises	E[4]	E	E[4]	E[4]	**E**[4]	E[4]	E[4]	E[4]	E[4]
Liquor On–Premises	T	E	T	T	**T**	T	T	T	T
Liquor Off–Premises	T	E	T	E[1]	**T**	T	T	T	T
Manufacturing Equipment	E	E	E	E	**E**	E	E	E	E
Motor Fuels	E	E	E	E[5]	**E**	T	T	E	E

*Delaware does not impose sales and use taxes. Gross receipts taxes of varying amounts (less than 1%) imposed on different types of sales.
[1] If purchased as “take-out” item from a package store.
[2] Single article $74.99 and under; however, single article $75.00 or over is taxable.
[3] Single article $175 and under; however, single article over $175 is taxed on the amount in excess of $175.
[4] If purchase is in same form and condition as found in supermarket; however, prepared food ready to be eaten and snack food are subject to tax.
[5] If fuel is subject to excise tax. If not for “on road use,” it is not subject to excise tax and, therefore, subject to sales tax. Example: Contractor has a bulldozer for “off road use” which runs on diesel fuel. The fuel is not subject to excise tax; therefore, it is now subject to sales tax, unless used in performance of a government contract.

Major State Tax Rates
(On July 1, 2003)

State	Personal Income (%)	Corporation Net Income (Excluding Surtax) (%)	Sales (%)	Motor Fuels (Per Gallon) ($)	Cigarettes (20–Pack) ($)
Alabama	*2%–5%	6.5%	4%	$0.16	$0.165
Alaska	None	*1–9.4	None	0.08	1.00
Arizona	*2.87–5.04	6.968	5.6	0.18	1.18
Arkansas	*1–7	*1–6.5	5.125	0.215	0.315
California	*1–9.3	8.84	6.0	0.18	0.87
Colorado	4.63	4.63	2.9	0.22	0.20
Connecticut	*3–5.0[1]	7.5	6	0.25	1.51
Delaware	*2.2–5.95	8.7	None	0.23	0.55
Dist. of Columbia	*5–9.3	9.975	5.75	0.20	1.00
Florida	None	5.5	6	0.04	0.339
Georgia	*1–6	6	4	0.075	0.37
Hawaii	*1.4–8.25	*4.4–6.4	4	0.16	1.30
Idaho	*1.6–7.8	7.6	6	0.25	0.57
Illinois	3	4.8	6.25	0.19	0.98
Indiana	3.4	8.5	6	0.18	0.55
Iowa	*0.36–8.98	*6–12	5	0.20	0.36
Kansas	*3.5–6.45	4	5.3	0.22	0.79
Kentucky	*2–6	*4–8.25	6	0.15	0.03
Louisiana	*2–6	*4–8	4	0.20	0.36
Maine	*2–8.5	*3.5–8.93	5	0.22	1.00
Maryland	*2–4.75	7	5	0.235	1.00
Massachusetts	5.3	9.5	5	0.21	1.51
Michigan	4.0	1.9	6	0.19	1.25
Minnesota	*5.35–7.85	9.8	6.5	0.20	0.48
Mississippi	*3–5	*3–5	7	0.18	0.18

Major State Tax Rates (continued)
(On July 1, 2003)

State	Personal Income (%)	Corporation Net Income (Excluding Surtax) (%)	Sales (%)	Motor Fuels (Per Gallon) ($)	Cigarettes (20–Pack) ($)
Missouri	*1.5%–6%	6.25%	4.0%	$0.17	$0.17
Montana	*2–11	6.75	None	0.27	0.70
Nebraska	*2.56–6.84	*5.58–7.81	5.5	0.248	0.64
Nevada	None	None	6.5	0.23	0.80
New Hampshire	5[2]	8.5	None	0.18	0.52
New Jersey	***1.4–6.37**	**6.5, 7.5, 9**	**6**	**0.105**	**2.05**
New Mexico	*1.7–7.7	*4.8–7.6	5	0.17	0.91
New York	*4–7.7	7.5	4.25	0.08	1.50
North Carolina	*6–8.25	6.9	4.5	0.242	0.05
North Dakota	*2.1–5.54	*3–10.5	5	0.21	0.44
Ohio	*0.743–7.5	5.1, 8.5	6	0.24	0.55
Oklahoma	*0.5–6.65	6	4.5	0.16	0.23
Oregon	*5–9	6.6	None	0.24	1.28
Pennsylvania	2.8	9.99	6	0.12	1.00
Rhode Island	25[3]	9	7	0.30	1.71
South Carolina	*2.5–7	5	5	0.16	0.07
South Dakota	None	None	4	0.22	0.33
Tennessee	6[2]	6.5	7	0.20	0.20
Texas	None	4.5	6.25	0.20	0.41
Utah	*2.3–7	5	4.75	0.245	0.695
Vermont	24[3]	*7–9.75	6	0.19	0.44
Virginia	*2–5.75	6	3.5	0.175	0.025
Washington	None	None	6.5	0.23	1.425
West Virginia	*3–6.5	9	6	0.205	0.55
Wisconsin	*4.6–6.75	7.9	5	0.285	0.77
Wyoming	None	None	4	0.14	0.12
US AVERAGE	2.52%–5.55%	3.93%–6.80%	4.80%	$0.193	$0.69

*Graduated Rates
[1]Applied to percent of adjusted gross income ranging from 25% to 100%.
[2]Imposed on interest and dividend income only.
[3]Of Federal income tax liability.