DIVISION OF TAXATION HIGHLIGHTS

- The Division's Special Projects Unit was one of ten regional semi-finalists for the 2001 Innovations Awards Program sponsored by the Council of State Governments. The Special Projects Unit focuses on transient out-of-State vendors whose business activities result in New Jersey tax obligations. Unit members work with the State Police at weigh stations throughout the State to target out-of-State commercial vehicles being used to make deliveries in New Jersey. "Jeopardy assessments" are made against unregistered vendors in order to ensure compliance with New Jersey tax laws. During Fiscal Year 2001 the Special Projects Unit collected $8.3 million, which represents a 40% increase over the collections for Fiscal Year 2000 ($5.9 million).

- The State of New Jersey became a "Participating State" in the interstate discussions of the Streamlined Sales Tax Project, also called the Zero Burden System. The Project is a joint effort among several states and the National Governors' Association, the Federation of Tax Administrators, and the Multistate Tax Commission. The goal of the project is to reduce the burdens and costs that are currently imposed on local and remote sellers of property and services under the current systems for collecting, reporting and remitting taxes by designing, testing, and implementing a new sales and use tax system. As a Participating State, New Jersey is entitled to vote at all Project meetings and can more directly impact the Project. Prior to becoming a Participating State New Jersey had no voting rights but could participate in meetings and discussions.

- 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 consisting of payments directly from taxpayers sent in response to the notification, as well as from the FMS as a result of the offset. The Division collected revenues of $12.3 million during Fiscal Year 2001 and $14 million since its inception.

- The NJ SAVER Rebate Program, the first mandatory telefile program instituted by a tax agency in the country, was honored by civic.com as part of their State and Local 50 awards which honored groundbreaking and successful information technology projects.

- During the spring of 2001, the Division of Taxation conducted a comprehensive recruiting drive to fill Auditor-Accountant Trainee, Investigator Trainee, and Tax Representative Trainee positions throughout the Division. The Division hired more than one hundred and fifty new employees in what was the most successful recruiting effort in the history of New Jersey State Government.

- On May 5, 2001, the Division launched its new Web site design. In addition to an entirely new look, the redesign included improved site search ability, standardized navigation links, and compliance with the Americans with Disabilities Act.

- In May of 1999, the Division began publishing a listing of businesses and individuals with the largest uncollected New Jersey tax liabilities on our Web site. During Fiscal Year 2001, the publishing of these lists of taxpayers, who had previously ignored the Division's attempts to bring them into compliance, generated revenues of $853,882. Since its inception, this program has resulted in collections of $5,072,276.

- Fiscal Year 2001 saw the introduction of the New Jersey earned income tax credit (EITC). The EITC is available to New Jersey taxpayers whose income is below the minimum filing threshold. As a result, the Division saw a need for a simplified tax return that eligible individuals could file in order to report their income and claim the EITC. The Division created Form NJ-1040EZ, a two-page tax return/homestead rebate application (instead of four).

- As part of its commitment to the taxpayers of New Jersey to protect their tax dollars, the Division conducted joint investigations with both the New Jersey State Police and the U.S. Postal Inspection Service. Several individuals suspected of preparing fraudulent homestead rebate applications were arrested and charged.

- Fiscal Year 2001 saw the introduction of several online developments designed to make it easier for taxpayers to file for and pay their tax liabilities. An Internet inquiry was launched on March 1, 2001, which allows individuals to obtain a listing of the estimated tax payments they made without having to call or write to the Division. Introduction of e-check, enabling a taxpayer that owed the Division money for their 2000 income tax to pay with an electronic check. With e-check, a taxpayer can make a payment online without ever having to send in any paper.

- The Division issued a Request for Information (RFI) to acquire a comprehensive system for local property tax assessment and tax administration. The new system is intended to replace the current MOD IV batch system and will be known as PAMS (Property Assessment and Management System). When operational, PAMS will provide, among other things, Internet access to local property tax data for citizens, businesses, and governmental agencies, accurate and uniform data collection, and will allow for electronic submission of data.

- Taxpayers who chose to use one of our electronic filing options to file their 2000 New Jersey Income Tax Return were given the option of having their refund (and homestead rebate if applicable) deposited directly into their bank account. By the end of the tax season, 120,746 taxpayers had taken advantage of this option.

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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, Norwalk, and Houston.

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 Jenkinson 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 Problem Resolution Section for compliance with the statutory and regulatory provisions for Protests and Appeals.

The Risk Management Section 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 Conference 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 such nonmonetary issues as nexus, subjectivity determinations, and the denial of claims by organizations claiming 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

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 for. 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.
- ***NJ TeleFile*** is a quick, easy, and convenient way for New Jersey residents to file their income tax returns from a Touch-tone telephone.
- ***NJ PC File*** offers taxpayers the means to prepare their income tax returns on a personal computer using free software downloaded from the Division’s Web site, then transmit the information directly to the Division of Taxation.

- ***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, 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; resolves problems relating to the various property tax relief benefit programs administered by the Division; and mails forms, publications, and other Division material to the public.

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 and for New Jersey TaxTalk, the library of prerecorded tax information messages which can be accessed by Touch-tone phone.

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

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; and analyzes, researches, and responds to all taxpayers' inquiries and requests for technical advice or letter rulings.

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.*

Within the Regulatory Services Branch:

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

Office of Legislative Analysis 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 insure that a bill can be effectively implemented; prepares bill comments and fiscal notes; and recommends positions to be taken by the State Treasurer. Additionally the Office of Legislative Analysis (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.

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.

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

Investigations

This Branch is responsible for collections, post-judgment civil enforcement, canvassing, and investigation work. Branch personnel work from seven field offices around the State. Walk-in taxpayer services are available at six 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.

Special Projects Unit was created to focus on transient out-of-State vendors whose business activities in New Jersey create nexus and trigger a tax obligation. Unit members work with the New Jersey State Police at weigh stations to target out-of-State commercial vehicles and at construction sites to identify out-of-State contractors. The authority to issue an immediate jeopardy assessment is used to gain tax compliance. Failure to satisfy the jeopardy assessment results in immediate seizure of assets and vehicles.

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.

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. 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.

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. Policy and Planning Section reviews and prepares comments on proposed legislation concerning property tax issues; reviews and approves reassessment and revaluation programs and contracts; develops procedures for uniform application of senior citizens' and veterans' deductions and certifies the amounts for State reimbursement to local taxing districts; oversees the administration of the Farmland Assessment Act of 1964; coordinates biannual Tax Assessors' Certification Exams and assessor education/recertification; prepares written guidelines and materials on various property tax programs and statutes for use by assessors and county tax board members; and responds to general taxpayer inquiries, correspondence, and legislative referrals regarding property tax matters.

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 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* provides direct assistance to 566 municipal tax assessors' offices and 21 county tax boards in solving routine administrative problems. 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 Table of Equalized Valuations at appeal; perform audits and investigations relating to local property matters; provide Mod IV data processing system technical assistance to municipal taxing districts; 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.

Education/Training. Property Administration personnel are members of the County Tax Board and Tax Assessor's Educational Committees and take a leadership role in training, education seminars, and courses which provide procedural information on new legislation, existing laws and/or procedures to improve the performance of their duties. Local Property Branch personnel administer P.L.1999, C. 278, the continuing education bill for certified tax 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 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 work in conjunction with the Office of Information Technology (OIT) 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 individual tax systems. These analysts also act as liaisons for the Division with other State, Federal, and local agencies as required.

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 employees. In addition, they provide desktop hardware and software support by troubleshooting and repairing PCs and related devices.

Application Development. This unit processes data received from outside agencies, provides information for audits, and develops new information reports for Division managers. They also have the responsibility to assist field auditors and investigators with updates and maintenance of laptops and their installed programs, and to evaluate new technologies.

CHIEF OF STAFF

The Office of the Chief of Staff is responsible for representing the Division of Taxation throughout State government as well as providing Division-wide support in the areas of Management Services and Disclosure. In addition, 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 facilitate and provide oversight for all requests regarding resources, budgetary needs, and 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 providing building maintenance and management services for 13 office locations throughout New Jersey, as well as coordinating maintenance and management services for the Division's out-of-State locations. Facilities Management monitors all construction projects and coordinates physical moves for all Taxation locations. In addition, Facilities Management is responsible for security and providing employees with photo identification badges and building and parking access cards. The Facilities Management - Property & Forms Unit has the responsibility for 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.

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 include the Internal Revenue Service, New Jersey State Police, Division of Criminal Justice, Division of Gaming Enforcement, and many 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.

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 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. Cases are generated from projects within this Office, 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.

Table 1—Major State Tax Collections (Net) Fiscal Years 1999–2001

Tax Source	2001[1]	% of Total	2000	% of Total	1999	% of Total	% Change 2000–01
Collected by the Division:							
Alcoholic Beverage (General Fund)	$ 79,889,112	0.4%	$ 78,161,088	0.4%	$ 75,975,263	0.5%	2.2%
Cigarette (including dedicated fund)	383,403,845	2.0	387,072,648	2.2	403,792,715	2.5	– 0.9
Corporation:							
Corporation Business[2]	1,389,486,310	7.3	1,452,135,808	8.1	1,402,906,622	8.6	– 4.3
CBT Banks & Financials	51,971,516	0.3	33,483,692	0.2	61,716,112	0.4	55.2
Environmental Taxes:							
Landfill Closure and Contingency	2,111,316	0.0	1,955,914	0.0	1,575,815	0.0	7.9
Litter Control	13,104,011	0.1	14,768,918	0.1	12,875,607	0.1	– 11.3
Public Community Water Systems	3,252,874	0.0	4,098,135	0.0	3,142,618	0.0	– 20.6
Solid Waste Services	4,696,330	0.0	4,313,339	0.0	2,430,120	0.0	8.9
Spill Compensation	17,159,860	0.1	16,918,661	0.1	16,124,880	0.1	1.4
Gross Income	7,989,222,227	42.2	7,205,260,486	40.4	6,323,893,129	38.7	10.9
Insurance Premiums	309,148,964	1.6	268,894,398	1.5	279,214,205	1.7	15.0
Miscellaneous Revenues	1,619,192	0.0	490,013	0.0	(93,601)	0.0	230.4
Motor Fuels	516,413,282	2.7	506,432,280	2.8	483,234,076	3.0	2.0
Petroleum Products	215,811,270	1.1	208,908,926	1.2	204,579,336	1.3	3.3
Public Utility Excise	8,851,642	0.0	9,091,650	0.1	8,920,114	0.1	– 2.6
Railroad Franchise	400,446	0.0	1,799,109	0.0	1,000,100	0.0	– 77.7
Railroad Property	3,145,771	0.0	3,039,162	0.0	2,907,664	0.0	3.5
Sales:							
Sales and Use	5,758,670,303	30.5	5,508,045,603	30.9	5,054,437,769	30.9	4.6
Atlantic City Lux & Promo (Loc. Use)	25,736,744	0.1	26,581,602	0.1	25,256,510	0.2	– 3.2
Tobacco Products Wholesale	14,109,870	0.1	12,686,653	0.1	13,755,468	0.1	11.2
Cape May County Tourism (Loc. Use)	3,237,115	0.0	3,165,865	0.0	2,907,961	0.0	2.3
Casino Parking Fee	14,849,759	0.1	15,098,025	0.1	15,168,542	0.1	– 1.6
Savings Institution	3,859,609	0.0	11,418,911	0.1	17,549,874	0.1	– 66.2
Transfer Inheritance and Estate	478,061,055	2.5	485,948,339	2.7	423,015,329	2.6	– 1.6
Taxes Collected by the Division	$17,288,212,423	91.4%	$16,259,769,225	91.1%	$14,836,286,228	90.8%	6.3
Collected Outside the Division:							
State Athletic Control Board (tot. rev.)	$ 179,951	0.0%	$ 225,803	0.0%	$ 398,058	0.0%	– 20.3
Casino Revenue	341,990,747	1.8	340,429,122	1.9	324,616,928	2.0	0.5
Casino Control	57,313,087	0.3	55,878,792	0.3	53,690,572	0.3	2.6
Lottery	697,397,293	3.7	719,928,948	4.0	652,342,709	4.0	– 3.1
Motor Vehicle Fees	444,280,632	2.3	383,050,206	2.1	394,417,040	2.4	16.0
Outdoor Advertising (total revenue)	1,646,875	0.0	1,668,278	0.0	1,734,466	0.0	– 1.3
Realty Transfer	79,061,773	0.4	77,687,046	0.4	71,298,780	0.4	1.8
Taxes Collected Outside the Division	$ 1,621,870,358	8.6%	$ 1,578,868,195	8.9%	$ 1,498,498,553	9.2%	2.7
Total Major State Tax Collections	**$18,910,082,781**	**100.0%**	**$17,838,637,420**	**100.0%**	**$16,334,784,781**	**100.0%**	**6.0%**

[1]The 2001 figures are subject to adjustment.
[2]Includes Corporation Income Tax.
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.*
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 Tax	13:1E-92 *et seq.*
Local Property Tax	54:4-1 *et seq.*
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, and State beverage distributors.

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.

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.

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 is $2 a day for use of a parking space. 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%.

Disposition of Revenues
Revenues are collected by the State Treasurer and are to be 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.

Cigarette Tax

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

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

Rate
The tax rate is $0.04 per cigarette, $0.80 for a pack of 20 cigarettes, $1.00 for a pack of 25 cigarettes, effective January 1, 1998.

A distributor is allowed a .005625% 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, or maintaining an office 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.

The 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.

Exempt from the tax are certain agricultural cooperative associations; building and loan associations and savings and loan 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 net income allocated to New Jersey. For tax years beginning in calendar year 1994 and thereafter, the minimum tax is:

	Domestic Corporation	*Foreign Corporation*
1994	$50	$100
1995	$100	$200
1996	$150	$200
1997	$200	$200

Beginning in 2002, the minimum tax will be adjusted every five years to take into account any increases in the annual average total producer price index.

The tax rate for corporations having $100,000 or less in net income is 7.5% for 12-month privilege periods beginning on or after July 1, 1996. For a New Jersey S corporation whose taxable year began on or after January 1, 1996, and ended on or before June 30, 1998, the tax rate is 2.63%. For a New Jersey S corporation whose taxable year ends on or after July 1, 1998, the rate is 2%. For a New Jersey S corporation having $100,000 or less in net income for a 12-month privilege period, the rates are 1.13% and 0.5%, respectively.

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.

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 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.

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.

Banking and Financial Corporations

Banking and financial corporations are subject to the Corporation Business Tax Act at the rate of 9% on net income.

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 solely administered 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.

Investment Companies

Investment companies and regulated investment companies are subject to tax under special allocation formulas.

A taxpayer qualifying and electing to be taxed as an investment company is subject to an allocation percentage of 25% of the net income base. These investment companies are subject to a minimum tax of $250.

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 are now eliminated and a flat tax of $250 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.

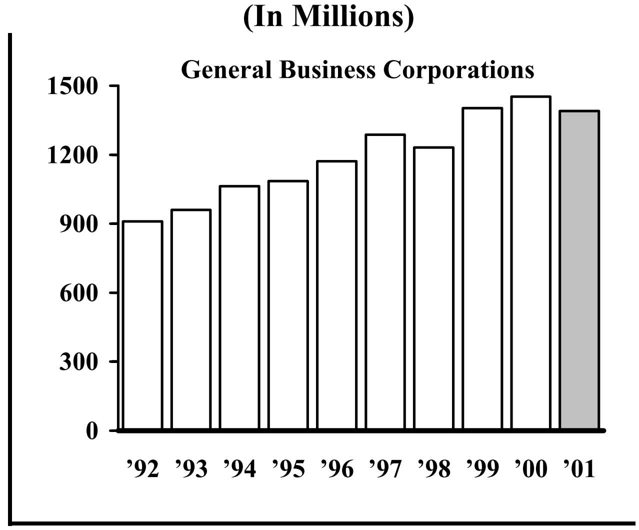
Deferred Predissolution Payment

Chapter 367, P.L. 1973, approved in 1974, eliminates the requirement for a certificate to be obtained in case of merger or consolidation involving a domestic or foreign corporation qualified to transact business in New Jersey. It also provides 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

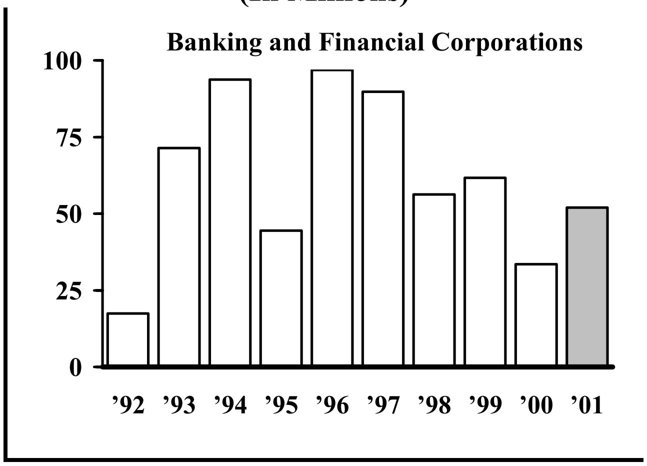
If the taxpayer had a regular place of business outside New Jersey, its tax liability is measured by net income allocated to New Jersey, according to a four-fraction formula based on an average of property, payroll, and sales, which is counted twice. The factor is computed by adding the percentage of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

Corporation Business Tax Collections (In Millions)



Fiscal Year	Collections
1992	$ 909,618,920
1993	960,753,965
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**

Corporation Business Tax Collections (In Millions)



Fiscal Year	Collections
1992	$17,411,936
1993	71,375,391
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**

Corporation Income Tax

Description

Corporation Income Tax applies 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 has become 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 tax rate is 7¼% of entire net income or such portion as is allocable to New Jersey.

Disposition of Revenues

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

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 status 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.
- 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.

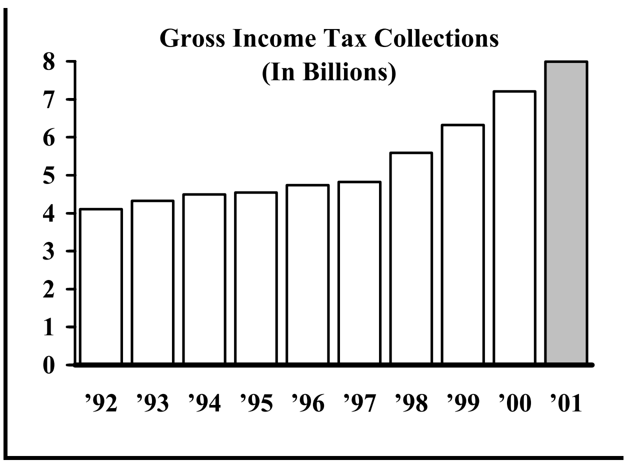
Chapter 177, P.L. 1999, increases the pension exclusion and "other retirement income exclusion." For tax year 2000, the exclusions were $12,500 for a married couple filing jointly, $6,250 for a married person filing separately, and $9,375 for a single filer, head of household, or surviving spouse. For 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.

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.



Fiscal Year	Collections
1992	$4,101,895,000
1993	4,325,304,359
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**

[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.

The State Budgets adopted by the Legislature since 1992, limited the amount of the homestead rebate paid to some taxpayers. Under the budget restrictions, only taxpayers who were 65 years old, 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 new 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 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 beginning in 2002, the maximum amount will be indexed annually to the cost of living.

This legislation 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, was schedule to end with rebates paid in 2003. The legislation also increased the minimum rebate for tenants who are 65 or disabled to $100.

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 premium 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 Tax

Description

The Litter Control Tax 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 $250,000 in annual retail sales of litter-generating products is exempt from this tax.

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. The tax expired December 31, 2000. However, proposed legislation is expected to be introduced to reinstate the tax and make it permanent.

Rate

Manufacturers, wholesalers, and distributors of litter-generating products pay a tax of $^{3}/_{100}$ of 1% (.03%) on all gross receipts from wholesale sales of such products in New Jersey. Retailers are taxed at the rate of $^{2.25}/_{100}$ of 1% (.0225%) on all gross receipts from retail sales of litter-generating products.

Disposition of Revenues

Revenues are deposited in the Clean Communities Account Fund.

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 2000 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.

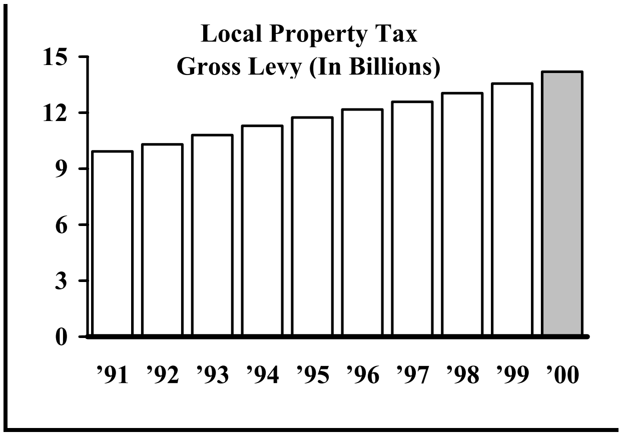
Personal property provisions of Chapter 51, Laws of 1960, were replaced by Chapter 136, Laws of 1966. For taxes payable in 1968 and until 1993, personal property used in business (other than the businesses of local exchange telephone, telegraph, and messenger system companies and other public utilities) 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 recently 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 recently 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. A recent 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
1991	$ 9,921,553,312
1992	10,324,378,978
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**

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 governments; 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.

The NJ SAVER Rebate Program and the Homestead Rebate Program are two separate programs. Eligible applicants are entitled to either a homestead rebate or an NJ SAVER rebate, and will receive 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.

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 requirement 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 a homeowner's base year is established, it remains the same as long as they remain eligible in succeeding years. If a homeowner 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.

Two types of transfers of real property are exempt from the State portion of the realty transfer fee ($1.25 of the $1.75 for each $500 of consideration):

(1) The sale of one or two-family residential premises which are owned and occupied by a senior citizen (62 years of age or older), blind person, or disabled person who is the seller in such transaction shall be exempt from payment of $1.25 for each $500 of consideration of the fee imposed.

(2) The sale of low and moderate income housing as defined by Chapter 225, P.L. 1985 shall be 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.

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.

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 2001, $79,082,825 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 2001, $43,230,025 was paid to the State Treasurer and credited to the Neighborhood Preservation Nonlapsing Revolving Fund.

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 on retail purchases of tangible personal property or certain services made outside the State for use in New Jersey on which a sales tax would be due but has not been paid.

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.

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).

Production machinery and equipment became exempt from sales tax effective January 1, 1978.

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).

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

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

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.

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).

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 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).

Sales and use tax was imposed on sales of energy (C. 162, 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).

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).

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).

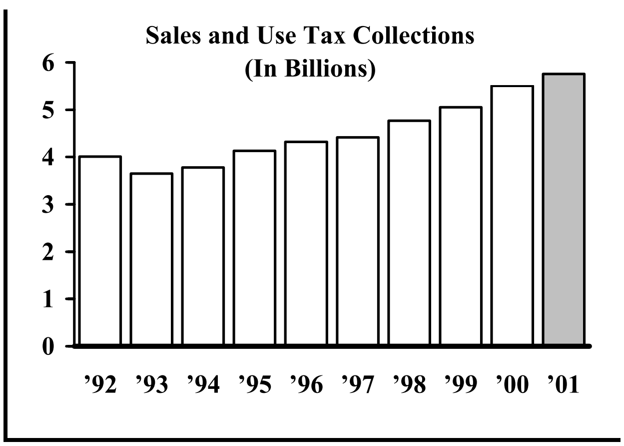
Chapter 273, P.L. 1999, provides for general exemption from sales and use tax of costs of purchase and repair of commuter ferryboats.

"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.



Fiscal Year	Collections
1992	$4,009,960,467
1993	3,651,122,672[1]
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**

[1] Rate decreased to 6% on July 1, 1992

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. 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. 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.

The possible 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%);
- Skills training programs to meet employment demands;
- Priority for funding by Local Development Financing Fund;
- Possible exemptions from certain State and municipal regulations;
- Possible eligibility for reduced utility rates;
- Possible eligibility for energy assistance funds from the Department of Commerce and Economic Development.

Sales Tax Benefits

A vendor within an Urban Enterprise Zone 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 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.

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 tax rate is 3% of net income. The tax is based upon net income as of the close of the preceding tax year, but is not less than $50 for savings institutions with assets under $1 million nor less than $250 for savings institutions with assets of $1 million or more.

In addition to the tax due, for accounting periods ending April 1980 and thereafter, an 80% prepayment of tax for the following year must also be made. Credit against the current year’s tax liability for such prepayment is allowed.

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 2001 is $1.30 per ton or $0.39 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; and
4. Elemental phosphorus—$0.015 per barrel.

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 who 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.

Rate

The rate is 48% (effective January 1, 1998) on the receipts from every sale of tobacco products by a distributor or wholesaler.

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 estates of resident decedents where the State inheritance taxes paid are not sufficient to fully absorb the Federal Estate Tax 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.

The Estate Tax is determined by Federal law, since it is designed to absorb the Federal credit available for State death taxes paid. During and prior to 1997, there was no tax due on Federal taxable estates of less than $600,000. Under provisions of The Taxpayer Relief Act of 1997 (H.R. 2014), which was passed by Congress on July 31, 1997, the applicable exclusion amounts for the years 1998–2001 are:

1998	$625,000
1999	650,000
2000	675,000
2001	675,000

Under the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001, the exclusion amounts for the years 2002–2004 are:

2002	$1,000,000
2003	1,000,000
2004	1,500,000

The allowable State Death Tax Credit for years 2002–2004 is a percentage of the credit previously allowed as follows:

2002	75%
2003	50%
2004	25%

Beginning in 2005 the credit is replaced with a deduction.

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

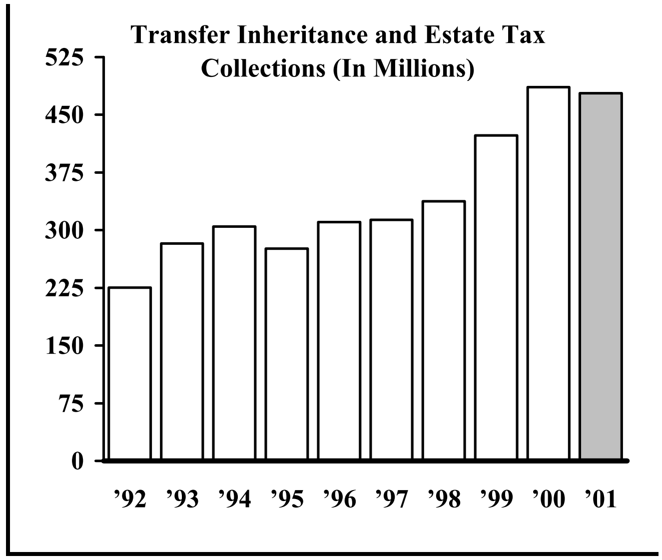
New Jersey first imposed an inheritance tax in 1892 at a rate of 5% on property transferred from a decedent to a beneficiary.

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.



Fiscal Year	Collections
1992	$225,210,867
1993	283,812,642
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**

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

Corporation Business Tax

P.L. 2001, C. 23 — Phase-out of Tax on S Corporation Income
(Signed into law on February 2, 2001) Provides for a three-year phase-out of the corporation business tax on the regular income of S corporations with an annual income in excess of $100,000.

The first year of the phase-out begins with privilege periods ending on or after July 1, 1998, but on or before June 30, 2001. For privilege periods ending on or after July 1, 2003, no tax is imposed.

For S corporations with income of $100,000 or less, tax is imposed at .5% for privilege periods ending on or after July 1, 1998, but on or before June 30, 2001. For periods ending on or after July 1, 2001, no tax is imposed.

The law also provides that the adjusted minimum tax amount shall be rounded to the next highest multiple of $10. This Act became effective immediately.

P.L. 2001, C. 136 — Payment Obligations of Certain Partnerships and Limited Liability Companies
(Signed into law on June 29, 2001) Provides a mechanism that assures the fair taxation of the owners of limited liability companies and limited partnerships. A limited liability company, foreign limited liability company, limited partnership, or foreign limited partnership that is classified as a partnership for Federal tax purposes may obtain the consent of each of its owners that are not individuals, trusts, or estates subject to the New Jersey Gross Income Tax Act, N.J.S.54A:1-1 et seq. (for example, each owner that is itself a corporation) that this State has the right and jurisdiction to tax the owner's income derived from the activities of the limited liability company or limited partnership in New Jersey. A business that does not have the consent of all its owners must pay a corporation business tax liability, on behalf of its nonconsenting owners, on each of the nonconsenting owner's shares of the business's New Jersey income.

The limited liability companies and limited partnerships will also make estimated payments of their nonconsenting members' current year's taxes. These payments will be based, where appropriate, on the prior year's income of the company or partnership.

Chapter 136 is effective, retroactively, for privilege periods beginning on or after January 1, 2001. Transition provisions exempt the companies and partnerships from making estimated payments for tax year 2001 and reduce the final payment of tax on behalf of the nonconsenting members for 2001, due in 2002, to 45% of the amount otherwise due to account for the enactment of the new provisions in the middle of a tax period.

Gross Income Tax

P.L. 2001, C. 84 — Exclusion of U. S. Military Pension and Survivor's Benefit Payments Expanded
(Signed into law on May 7, 2001) Amends the Gross Income Tax Act to allow all taxpayers, regardless of age, to exclude their U.S. military pension or military survivor's benefit payments from gross income taxation. This act took effect immediately and applies retroactively to taxable years beginning on or after January 1, 2001.

Inheritance Tax

P.L. 2001, C. 109 — Settlement of Intestate Estates
(Signed into law on June 21, 2001) Modifies the probate code with regard to settlement of intestate estates when heirs are missing or unknown. In such cases, the share of property to which the missing or unknown heirs are entitled would be held for a period of two years. After that period, if the heirs remain missing, the property would be divided among the known heirs. In cases where there are no known heirs, the bill provides that the property would be presumed abandoned and handled in accordance with the "Uniformed Unclaimed Property Act." Chapter 109 took effect immediately.

Insurance Premiums Tax

P.L. 2001, C. 131 — Nonprofit Health Service Corporations May Convert to For-profit Health Insurers
(Signed into law on June 29, 2001) Provides that a nonprofit health service corporation may convert to a for-profit (domestic stock) health insurer. After conversion, all insurance premiums collected by the domestic stock health insurer will be subject to the insurance premiums tax. The legislation also establishes a Health Service Corporation Conversion Temporary Advisory Commission consisting of 15 members within, but not of, the Department of the Treasury. This act took effect immediately.

Local Property Tax

P.L. 2001, C. 18 — Religious or Charitable Organizations May Lease Property to Other Exempt Entities Without Losing Property Tax Exemption
(Signed into law on January 29, 2001) Amends R.S.54:4-3.6 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. The bill took effect immediately and was retroactive to September 30, 1999.

P.L. 2001, C. 85 — Exemption of Property of Firefighters' Organizations
(Signed into law on May 8, 2001) Amends R.S.54:4-3.10 to permit exempt firefighter's associations, firefighter's relief associations, and volunteer fire companies to conduct certain income-producing activities and retain their tax exemption. The income-producing activity that is not the organization's primary purpose must not exceed 120 days annually, and all net proceeds from that activity must be utilized in furtherance of the primary purpose of the organization or for other charitable purposes. The act took effect immediately and was retroactive to January 1, 1998.

P.L. 2001, C. 101 — Reassessments Required in Certain Circumstances
(Signed into law on June 14, 2001) Provides that when an assessor has reason to believe that property comprising all or part of a taxing district has been assessed at a value lower or higher than is consistent with the purpose of securing uniform taxable valuation of property, or that the assessment of property is not in substantial compliance with the law and that the interests of the public would be promoted by reassessment, then the assessor must make a reassessment of the property in the taxing district that is not in substantial compliance. Chapter 101 took effect immediately.

P.L. 2001, C. 106 — NJ SAVER Rebate
(Signed into law on June 18, 2001) Amends P.L. 1999, C. 63, to accelerate the phase-in period of the NJ SAVER Rebate Program from five years to four years. The legislation increased the amount to be paid in 2001 from 60% (an average of $360) to 83⅓% of the full amount (an average of $500).

P.L. 2001, C. 140 — Distribution of Miscellaneous Revenue
(Signed into law on July 2, 2001) Permits municipalities to distribute certain municipal revenues to real property taxpayers as a credit against property taxes owed for that local budget year. The credit must be more than one-tenth of a penny. Landlords of multifamily dwellings are required to "pass through" to their tenants any savings in property taxes realized. Chapter 140 took effect immediately.

P.L. 2001, C. 159 — Homestead Rebate
(Signed into law on July 16, 2001) Increases the maximum benefit under the Homestead Rebate Program for homeowners and tenants who are age 65 or older or disabled from $500 to $750 beginning with homestead rebates paid in calendar year 2001. For homestead rebates paid beginning in 2002, the maximum amount will be indexed annually to the cost of living.

For purposes of this legislation, "cost-of-living adjustment" is defined as the factor calculated by dividing the consumer price index for all urban consumers for the nation, as prepared by the U.S. Department of Labor as of the close of the 12-month period ending on August 31 of the tax year, by that index as of the close of the 12-month period ending on August 31 of the calendar year preceding the tax year in which the recomputation of the maximum homestead rebate is made.

This legislation increased the 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 prior legislation, was scheduled to end in 2003. The legislation also increased the minimum rebate for tenants who are 65 or disabled to $100.

Miscellaneous

P.L. 2000, C. 80 — Earned Income Tax Credit
(Signed into law on August 14, 2000) Establishes a New Jersey Earned Income Tax Credit (EITC) program which will provide a refundable tax credit for eligible New Jersey residents with gross income of $20,000 or less who receive a Federal earned income credit that is based on having at least one "qualifying child." The amount of the New Jersey EITC will be equal to a percentage of the recipient's Federal earned income credit, with benefits to be phased in over four years. The New Jersey credit will amount to 10% of the Federal earned income credit for tax year 2000, 15% for tax year 2001, 17.5% for tax year 2002, and 20% for tax year 2003 and thereafter.

P.L. 2000, C. 161 — Uniform Partnership Act
(Signed into law on December 7, 2000) Enacts the "Uniform Partnership Act (1996)" as developed by the National Conference of Commissioners of Uniform State Laws and approved by the American Bar Association House of Delegates.

The law also makes certain changes to the Uniform Act which were recommended by the review committee of the New Jersey Bar Association. This legislation became effective on December 8, 2000.

P.L. 2001, C. 5 — Administrative Procedures Act
(Signed into law on January 16, 2001) Revises New Jersey's Administrative Procedures Act to enhance access to the rule-making process. The legislation requires regulatory agencies to publish a calendar of their rule-making plans, provides for an extension in the time allowed for comment on proposed rules, and ensures official response to members of the public petitioning an agency to adopt or change a rule.

The law also provides that, in reviewing an administrative law judge's decision, an agency head shall apply an elevated standard in deciding whether to reject or modify findings of fact as to the credibility of lay witness testimony, requires each rule-making agency to publish a table of specified matters that are of interest to regulated parties, and requires that administrative rules expire after five years.

This legislation took effect on July 1, 2001, but did not apply to any rule proposed in the *New Jersey Register,* or to any contested case filed prior to the effective date.

P.L. 2001, C. 24 — Energy Assistance Programs
(Signed into law on February 2, 2001) Provides for the appropriation of sales tax revenues to increase benefits under various energy assistance programs. This legislation took effect immediately.

P.L. 2001, C. 127 — Veterans' Benefits
(Signed into law on June 28, 2001) Expands certain veterans' benefits to those who served in Lebanon, or on board any ship actively engaged in patrolling the territorial waters of that nation, on or after July 1, 1958, for a period of at least 14 days commencing on or before November 1, 1958. Any person otherwise qualifying for veteran status under the bill who received an actual service-incurred injury or disability is to be classed as a veteran whether or not that person completed the 14 days' service requirement. This legislation took effect immediately.

P.L. 2001, C. 134 — Business Registration
(Signed into law June 29, 2001) Requires providers of goods and services to the State and its agencies, to casinos, and to subcontractors under those State and casino contracts to register their businesses with the Division of Revenue. This act took effect on September 1, 2001.

Petroleum Products Gross Receipts Tax

P.L. 2000, C. 156 — Phase-Out
(Signed into law on November 16, 2000) Phases out, over a three-year period, the Petroleum Products Gross Receipts Tax for fuel used to generate certain electricity. The legislation eliminates the application of this tax to the sale of fuel used by a utility, co-generation facility, or wholesale generation facility to generate electricity sold at wholesale or through certain retail sales channels. This law took effect January 1, 2001.

Sales and Use Tax

P.L. 2001, C. 90 — Sales and Repairs of Limousines Exempt
(Signed into law on May 10, 2001) Exempts sales of motor vehicles registered as limousines to limousine operators licensed in New Jersey. The legislation also provides an exemption for repairs of limousines, including replacement parts (but not the cost of labor), regardless of where the limousine service operator is licensed. The act took effect on July 1, 2001.

Unclaimed Property

P.L. 2000, C. 132 — Energy Assistance Funding
(Signed into law on September 21, 2000) Provides funding to an existing statewide nonprofit energy assistance organization that helps needy families pay their energy bills with temporary financial assistance. The supplemental funding would be derived from the unclaimed property held by the State's electric and gas utilities that is transferred to the State under the "Uniform Unclaimed Property Act (1981)." The law also creates the Unclaimed Utility Deposits Trust Fund to hold unclaimed utility deposits. This legislation took effect immediately.

COURT DECISIONS

Administration

Adequate Notice
Harry and Susan Dashoff v. Director, Division of Taxation, decided December 3, 1999; Tax Court No. 004747-98. The Division mailed to plaintiff's home address a notification of a pending audit examination of their records that was returned to the Division on December 5, 1995, due to it being unclaimed after three notices. On December 10, 1996, the Division sent plaintiff a notice regarding the basis of an estimated assessment that was also returned to the Division after being unclaimed pursuant to two notices. Thereafter, the Division sent a February 10, 1997, notice of assessment related to final audit determination to plaintiff's home address that was also returned to the Division as unclaimed from three delivery attempts. The notice of assessment determined that the plaintiff owed gross income taxes for tax years 1976 through 1995, excluding 1980 and 1994, for failure to file returns. After sending a June 30, 1997, notice of demand for payment of tax that also went unclaimed, the Division entered a certificate of debt (COD) against plaintiff on August 11, 1997, which the plaintiff acknowledged receiving.

On August 21, 1998, plaintiff filed a complaint with the Tax Court seeking relief from the COD. On April 30, 1999, the Division moved to dismiss plaintiff's Tax Court complaint as being filed untimely. Plaintiff filed an opposition to the motion to dismiss and a cross motion to suppress the Division's defenses because: (1) the Division's motion to dismiss the complaint should have been filed within 90 days after service of the answer, (2) the Division's failure to answer interrogatories and produce documents on October 16, 1999, (3) the requirement of certified mail without also regular mailing is a constitutional violation, and (4) the plaintiff did not receive the notices, and it would be inappropriate under the law and constitution to hold the plaintiff to the Division's estimated assessment.

As to the plaintiff's claim that the Division's motion to dismiss for untimely filing must be filed within 90 days of service of the answer, the Court ruled that the Division's motion was timely because Rule 4:6-2 permits a motion to dismiss for lack of subject matter jurisdiction to be made at any time in the pleadings.

Addressing the issue of whether the Division's motion should be suppressed because of the Division's failure to respond to interrogatories and produce documents, the Court dismissed plaintiff's claim because when a motion is made to dismiss for untimely filing the parties cease exchanging discovery during the pendency of the motion.

After examining the envelopes, the Court stated that they all showed the mailings were to plaintiff's last known address, there was adequate postage, and that there were several delivery attempts that were unclaimed and therefore returned to the Division. The Court ruled that the Division had complied with all statutes regarding mailing that required that notices of assessment be sent by certified mail to the plaintiff's last known address which is presumptive evidence of the plaintiff's receipt. Furthermore, the Court could not determine that either the statutory form of service was insufficient or that the statutory notice requirements violated the constitutional principles of procedural due process because the notice requirements are reasonably calculated to apprise the taxpayer of the pendency of an action and that there was an official mailing from the Division.

The Court held that the plaintiff's August 21, 1998, complaint was untimely as to the February 10, 1997, notice of assessment. The Court held that the Division complied with the statute by sending the notice of assessment by certified mail to plaintiff's home address, that failure to send the notice by regular mail does not invalidate the notice of assessment, and that the plaintiff failed to file a timely appeal within 90 days of the notice of assessment. Furthermore, the Court noted that the date of the assessment, not the date of the COD, fixes the time for challenging the underlying tax liability.

Responsible Person Status
Frank J. Miles v. Director, Division of Taxation, decided April 24, 2000; Tax Court No. 6310-98. At issue is whether plaintiff is a responsible person for employees' gross income tax (GIT) payroll withholdings that were not paid over to the Director and whether he is relieved of any liability by following his superior's directions not to make those payments.

Plaintiff was hired as the Chief Financial Officer, vice president and treasurer, of Accurate Information Systems, Inc. (AIS) reporting to the president, Mr. Stephen Yelity. Under plaintiff's employment contract, he was paid between $90,000 and $100,000 annually and initially granted 5% of the company's stock. Plaintiff had check signing authority and the Court found that he signed all company checks. Plaintiff had limited authority to hire and fire employees, signed, prepared and/or supervised the preparation of AIS tax returns, and was involved in the financial aspects of the company. When plaintiff was hired, one of his responsibilities was to solve AIS's financial problems including tax liabilities owed to various states and the IRS. Plaintiff negotiated the IRS debt and either plaintiff or his corporation, MJ Financial Answers, lent AIS money, without any prospect of repayment, to make the final installment payment to the IRS.

The evidence showed that AIS payroll tax returns were filed but that tax checks were not remitted to the Division. The Court further found that vouchers authorizing payment of payroll taxes were prepared and that sometimes payroll tax checks were prepared and signed but not forwarded to the Division. Testimony indicated that Mr. Yelity directed plaintiff regarding which checks should be and should not be released over plaintiff's protests. Despite Mr. Yelity's testimony that the decision not to pay taxes was a joint decision, the Court found that it was specifically Mr. Yelity's decision not to pay the payroll taxes and that he decided who would be paid when there was not sufficient funds to pay all creditors.

The Court held that plaintiff was a responsible person and personally liable for AIS's nonpayment of payroll taxes. In making its determination, the Court applied the nine-factor test first articulated in *Cooperstein v. Director, Division of Taxation*, 13 N.J. Tax 68 (Tax 1993), aff'd. 14 N.J. Tax 192 (Appellate Division 1994*) certif. denied*, 140 N.J. 329 (1995). Then the Court compared the facts of this case with prior cases where individuals were found to be personally liable and opined that plaintiff had as great as or greater responsibility as they did.

Although the Court found that Mr. Yelity decided alone that payroll taxes would not be paid, the Court quoted Federal Circuit Court opinions that essentially stated that a superior's instructions not to pay taxes do not relieve an otherwise responsible person from his duty to ensure that taxes were paid. Furthermore, the Court noted that the issue of whether Mr. Yelity was a responsible person was not before the Court.

Regulations
Lenox Incorporated v. Director, Division of Taxation, decided February 2, 2001; Tax Court No. 007049-98 & 007050-98. The Court requested that the Division address the "function and significance" of N.J.A.C. 18:7-13.8(d) that required a taxpayer to file notice of Internal Revenue Service (IRS) changes to plaintiff's corporate taxable income within 90 days of the IRS changes in order to qualify for an extended two-year period to file for a refund. The Division submitted the Certification of William J. Bryan, III and a Supplemental Brief to the Court. Rather than respond to the brief, plaintiff served on the Division interrogatories concerning the explanations contained in the Supplemental Brief and the Bryan Certification. The Division objected to answering the interrogatories.

After analyzing well-settled case law, the Court found that the reasonableness of a regulation could not be a function of its factual foundation because factual findings are not required in order to promulgate a regulation. The Court stated: "In order to overturn a regulation as unreasonable and beyond the scope of the administrative agency's power, a party must demonstrate that no conceivable state of facts would sustain the regulation." Therefore, the Court ruled that the Division need not answer the interrogatories because any possible elicited factual information would not be relevant to the issue of the regulation's reasonableness nor would the answers lead to discovery of admissible evidence.

Timely and Conforming Complaint
Harold Weingold v. Director, Division of Taxation, decided February 7, 2001; Tax Court No. 1818-00. The Division sent plaintiff and plaintiff's lawyer the final determination concerning his protest by certified mail on January 25, 2000. Plaintiff's lawyer signed for his letter but plaintiff did not pick up his letter. On March 29, 2000, pro se plaintiff wrote a letter to the Tax Court Clerk stating: "Please accept this letter as a petition to accomplish the following: to inform your office I plan to represent myself before the Tax Court pro se, and to appeal the final determination by the Division of Taxation pursuant to New Jersey S.A. 54A:9-10." Several communications occurred between the Tax Court Management Office and plaintiff that resulted in plaintiff submitting additional information. Plaintiff was advised that his papers had been filed as of May 12, 2000.

The Court held that the March 29, 2000, letter indicated an intention to make a complaint, but was not in fact a complaint because it "does not comply in any respects with any way, shape, or form being a complaint which would be compatible with the rules." There was no named plaintiff, defendant, no claim, no fee submitted, and nothing that the Division could be charged with answering. The Court noted that pro se litigants are chargeable with the rules governing the content required to be in a complaint.

The Court also ruled that the letter sent and received by the lawyer attributes notice of the final determination to plaintiff as well as does the letter sent to plaintiff that he did not collect. Therefore, the Court dismissed the May 12, 2000, complaint as untimely.

Untimely Complaint
Corrigan's, Inc. v. Director, Division of Taxation, decided June 15, 2001; Tax Court No. 000121-1999. On January 14, 1999, plaintiff filed a complaint in the Tax Court appealing the Division's October 13, 1998, Final Determination concerning a Sales and Use Tax and Corporation Business Tax assessment. The Division moved to dismiss the complaint due to its untimeliness.

After looking at various statutes concerning the aforementioned assessments, the Court ruled that plaintiff's complaint must be filed within ninety days after the date of the October 13, 1998, Final Determination. As the date of the Final Determination was October 13, 1998, the ninety-day period for appeal expired on January 11, 1999. Consequently, the Court granted the Division's motion.

Failure to State a Claim
Mayer & Schweitzer, Inc. v. Director, Division of Taxation, decided June 25, 2001; Tax Court No. 001800-2000. Plaintiff, domiciled in New Jersey, is a market maker and licensed broker dealer of securities in twenty-two states.

Initially, plaintiff filed 1992 – 1995 Corporation Business Tax (CBT) returns that allocated sales to New Jersey based upon the trader's location. Thereafter, plaintiff filed amended returns that allocated sales to New Jersey based upon the purchaser's location.

The Division moved under R. 4:6-2(e) to dismiss the complaint due to plaintiff's failure to state a claim upon which relief may be granted. The Court denied the Division's motion opining that plaintiff was entitled to an opportunity to present facts before the Court to show that the securities at issue were integrated with its business carried on in another state.

Interest Waiver Due to Reliance on Written Advice of Division
L&L Oil Service, Inc. v. Director, Division of Taxation, 18 N.J. Tax 514 (Tax Court 2000), aff'd as modified, June 26, 2001; Appellate Division No. A-3386-99T5. Plaintiff claims that interest on its tax liability should be waived because it reasonably relied upon several Division advisory letters, some of which are to other companies in the industry, and an article in the *New Jersey State Tax News*. Plaintiff sent a subpoena to a Tax Counselor, a Division employee, to testify about advisory letters she and her colleagues sent.

The Appellate Division upheld the Tax Court's quashing of the subpoena stating that plaintiff improperly sought to use the Division employee's testimony to advance alleged contrary legal conclusions citing authority that "expert witnesses may not render opinions on issues of law." Furthermore, the Court found that the testimony would have been of minimal relevance to the waiver issue because the inquiry and advisory letters were in the record.

The Appellate Division affirmed the Tax Court's holding that plaintiff could not rely upon advisory letters to other companies because differences in business operations may lead to different tax consequences.

The Tax Court found that none of plaintiff's inquiry letters fully and accurately described the nature of plaintiff's operations and neither the Division's correspondence nor the *New Jersey State Tax News* even suggested that plaintiff's actual maintenance and service operations were exempt from sales tax. The Appellate Division affirmed.

Standard for Court to Hear Motion for Reconsideration
Stephen Little Trucking and Stephen Little v. Director, Division of Taxation, decided July 9, 2001; Tax Court No. 005828-1999. Plaintiffs sought reconsideration of the Court's previous written opinion by essentially reiterating the arguments that were raised, considered, and rejected.

The Court denied the motion by ruling that plaintiffs failed to demonstrate either that the Court erred or that the opinion was arbitrary, capricious, or unreasonable. Consequently, the Court declined to readdress plaintiff's contentions.

Corporation Business Tax

Income Includable in the Numerator of Receipts Fraction
Stryker Corporation v. Director, Division of Taxation, 18 N.J. Tax 270 (Tax Court 1999); aff'd, Appellate Division, No. A-736-99T5 (July 21, 2000). At issue is whether the Division properly included in the numerator of Stryker's receipts fraction all receipts generated by drop-shipment transactions that occurred in New Jersey but which were destined for out-of-State customers.

Osteonics Corporation, a New Jersey corporation, is the wholly owned subsidiary of plaintiff Stryker Corporation, a Michigan corporation. Although Stryker and Osteonics are located in the same building in Allendale, New Jersey, Stryker paid all the real estate related costs.

Stryker manufactured hip and knee replacements. Stryker sold its products to its customers through its corporation Osteonics, whose sole function was to receive and process orders for Stryker's products. Osteonics' computers transmitted customers' orders to Stryker's computers. Then, Stryker packed and shipped the products to Osteonics' customers throughout the United States, via common carrier F.O.B. Allendale, without any intervention by Osteonics. Thereafter, Osteonics would bill its customers.

Upon the receipt of customers' payments, Osteonics would retain a portion of the receipts and remit the balance to Stryker. Although Stryker did not invoice Osteonics for each order, company representatives reviewed Osteonics' sales receipts in order to determine price and profit allocations. Essentially, Osteonics retained an approximate 20 percent gross margin and the payments from Osteonics to Stryker include a profit to Stryker.

In calculating the numerator of the receipts fraction, Stryker allocated sales to Osteonics by the shipment's destination state. Accordingly, for tax purposes, Stryker included sales of only New Jersey customer destination shipments in the numerator of the receipts fraction. Pursuant to an audit, the Division determined that all sales to Osteonics should be included in the numerator of the receipts fraction regardless of the ultimate destination state of the customer.

The Tax Court held that plaintiff's sales receipts from its direct shipments to Osteonics' out-of-State customers are includable in the numerator under N.J.S.A. 54:10A-6(B)(6). The Tax Court found that this statute required inclusion in the numerator of all receipts earned by the taxpayer in New Jersey including the intrastate transactions between plaintiff and Osteonics. The Tax Court also noted that the sales at issue were not includable under N.J.S.A. 54:10A-6(B)(1) because there were no physical shipments to Osteonics.

On appeal, the Tax Court was upheld. The Appellate Division found throughout all Stryker's arguments there existed a constant, single theme that for tax purposes the two transactions, the sale of the product to Osteonics and the sale by Osteonics to its customers, should be treated as one transaction. However, the Appellate Division disagreed, opining that these sales were includable in the receipts numerator under N.J.S.A. 54:10A-6(B)(6) because Stryker realized income from sales of manufactured products located in New Jersey to New Jersey based Osteonics.

Time Period to File Refund Claim

Godwin Pumps of America v. Director, Division of Taxation, decided January 22, 2001; Tax Court No. 001789-2000. Plaintiff's 1993 corporation business tax (CBT) return was originally due on January 15, 1994, and with the approved extension the deadline was July 15, 1994. Plaintiff paid the full CBT on June 30, 1994. On July 13, 1998, plaintiff filed an amended 1993 CBT return seeking a refund. The Division denied the refund claim because it was not timely filed pursuant to the N.J.S.A. 54:49-14 four-year statute of limitations as calculated per N.J.A.C. 18:7-13.8.

N.J.A.C. 18:7-13.8 states that generally the four-year statute of limitations for filing a CBT refund claim begins to run on the later of the date of payment or the filing of the CBT return. However, where filing and payment are made before the due date (the original due date of the return and not an extended due date), the return's due date is deemed to be the payment date and the statute of limitations runs from the date of payment. Applying that language to the instant case, the Court held that plaintiff's 1993 refund claim was untimely because it was filed (July 13, 1998) four years and 13 days after the 1993 CBT payment (June 30, 1994).

The Court dismissed plaintiff's argument that the CBT refund statute of limitations should be governed by N.J.S.A. 54:2-39 because that section applies to property taxes. Likewise, the Court also found that N.J.S.A. 54:49-6(b) was inapplicable because it applies to situations where a deficiency assessment is protested. Moreover, the Court reasoned that the Legislature could have adopted the language of N.J.S.A. 54:49-6(b) for governing the statute of limitations on CBT refund claims but that it did not.

Amount Includable in the Numerator of Receipts Fraction

Stryker Corporation v. Director, Division of Taxation, 18 N.J. Tax 270 (Tax Court 1999); aff'd, Appellate Division No. A-736-99T5 (July 21, 2000); aff'd, Supreme Court of New Jersey, A-27 September Term 2000 (June 14, 2001). Osteonics, a New Jersey corporation, is the wholly owned subsidiary of plaintiff Stryker, a Michigan corporation. Both corporations are located in the same building in Allendale, New Jersey. Stryker manufactures orthopedic hip and knee replacements and sells its products to Osteonics, whose function is to market, sell, and process customer orders for Stryker's products. After the order is placed, Stryker packs and ships the products to Osteonics' customers throughout the United States, via common carrier F.O.B. Allendale.

In calculating the numerator of the receipts fraction, Stryker allocated sales to Osteonics by the shipment's destination state. Accordingly, Stryker included sales of only New Jersey customer destination shipments in the numerator of the receipts fraction. Pursuant to an audit, the Division determined that all sales to Osteonics should be included in the numerator of the receipts fraction regardless of customer destination.

The Tax Court held that Stryker's sales receipts from its direct shipments to Osteonics' out-of-State customers are includable in the numerator under N.J.S.A. 54:10A-6(B)(6) because the receipts are earned in New Jersey but not includable under N.J.S.A. 54:10A-6(B)(1) because there were no physical shipments to Osteonics. On appeal, the Appellate Division upheld the Tax Court.

The New Jersey Supreme Court reviewed the legislative history of the Corporation Business Tax Act and addressed Stryker's three arguments: (1) the allocation formula violates the Commerce Clause, more specifically the doctrine of internal consistency; (2) these receipts are not other business receipts under N.J.S.A. 54:10A-6(B)(6); and (3) the Legislature's repeal of N.J.S.A. 54:10A-6(B)(3) implies their intent to exclude these receipts from the numerator.

The Court first addressed whether the application of the Division's methodology would cause manufacturers to be taxed twice in violation of the Commerce Clause; once on their transactions with the dealers and then a second time on their product shipments to the destination state. The Court rejected that argument noting that the doctrine of internal consistency requires that a tax is structured so that it would not result in multiple taxation if applied by every state. Because the manufacturer and dealer transaction is treated separately from the dealer and customer transaction, no state would require the manufacturer to allocate the receipts from the wholesaler's sale of the product. Hence, the Court held that there is no threat of multiple taxation and no Commerce Clause violation.

Addressing the issue of whether Stryker's sales to Osteonics were other business receipts under the general catch-all provision of N.J.S.A. 54:10A-6(B)(6), the Court rejected Stryker's claim that (B)(6) was inapplicable because (B)(1) and (B)(2) dealt specifically with the shipment's destination to determine whether or not the receipts are included in the numerator. It was noted that neither N.J.S.A. 54:10A-6 nor the regulations thereunder contemplated drop-shipment scenarios. The Court found that (B)(6) was not limited by (B)(1) or (B)(2) because the legislative history did not indicate that the product's ultimate destination should trump the determination of whether or not the receipt was attributable to the State. Under the substance over form doctrine, Stryker's drop-shipment transactions result in the realization of intrastate sales to Osteonics which fall into the (B)(6) catch-all net that permits the Division to plug loopholes in the Corporation Business Tax Act to effect a fair apportionment of receipts to the State.

Finally, the Court found that the deletion of N.J.S.A. 54:10A-6(B)(3) in 1967 was not done with the intention of restricting inclusion in the receipts fraction to only sales of product shipments to destinations in the State. Essentially, deleted section (B)(3) included sales where the orders were received or accepted in New Jersey and the property was located in New Jersey at the time of the order. Although the sales in the instant case would have been treated as New Jersey sales under this provision, the section did not encompass or even relate to out-of-State drop-shipment type sales.

Based upon the aforementioned, the Court held that the receipts at issue were included in the numerator of the receipts fraction. In a concurring opinion, Justice Stein addressed the concern of *amici curiae* that upholding the lower courts would unduly burden New Jersey manufacturers. Justice Stein stated that there was no incompatibility between legislation benefiting New Jersey manufacturers and the lower courts' rulings, and that the sales at issue would not have been includable had Osteonics been formed as a division rather than as a subsidiary.

Gross Income Tax

Calculation of Resident Tax Credit
Mark and Donna Regante v. Director, Division of Taxation, decided October 15, 1999; Tax Court No. 000496-1996. Plaintiff claims that in calculating the resident tax credit that both as a matter of statutory interpretation and constitutionality the fraction must be calculated so that deductions allowable in the numerator are limited to those allowable in the denominator. In other words, plaintiff claims that the methodology for determining income in the numerator should be identical with the methodology for determining income in the denominator.

Citing *Ambrose v. Director, Division of Taxation*, 198 N.J. Super. 546 (Appellate Division 1985), the Court held that the Division properly interpreted the statutory phrase "subject to tax" to refer to income actually taxed in the other state. Furthermore, the Court noted that the Division's regulations correctly interpret the statute.

Plaintiff's claim that the Director's interpretation of the statute results in a denial of equal protection was also rejected as the Court held the statute is constitutional. The Court noted that a taxpayer residing in New Jersey and working in Pennsylvania would pay a different amount of tax to New Jersey than if the taxpayer earned the same income by working in New York. However, the Court concurred with the holding in *Jenkins v. Director, Division of Taxation*, 4 N.J. Tax 127 (Tax 1982) that there was no equal protection violation because the credit is applicable equally to all New Jersey residents. Furthermore, the Court ruled that plaintiff had failed to show that the legislative classification pertaining to the resident tax credit was irrational or arbitrary.

Calculation of Resident Tax Credit
Mark and Donna Regante v. Director, Division of Taxation, decided January 24, 2001; Appellate Division No. A-2105-99T5. On appeal from the Tax Court's holding in favor of the Division was the issue regarding whether the methodology for determining income in the numerator of the resident tax credit should exclude deductions not recognized by New Jersey even though the deductions are permitted in a foreign jurisdiction.

Affirming the Tax Court, the Appellate Division held that income not subject to tax in a foreign jurisdiction is excluded from the numerator in the calculation of the resident tax credit. The Court noted that the reasoning behind the legislation enacting the resident credit is to at least minimize, if not eliminate, double taxation. The Court also upheld the Tax Court's holding that there was no equal protection violation even though two New Jersey residents earning the same income in two different states may pay different income taxes to New Jersey. The Court reasoned, as did the Tax Court, that both residents are treated identically in terms of calculating the income subject to taxation in the foreign jurisdiction.

Time Period to File Complaint After Untimely Protest
Lunin v. Director, Division of Taxation, decided February 8, 2001; Tax Court No. 004219-2000. On April 13, 2000, the Division sent a notice of deficiency to plaintiff concerning gross income tax (GIT). Plaintiff sent a July 12, 2000, written protest to the Division via mail that was postmarked July 24, 2000. By letter dated August 8, 2000, the Division denied plaintiff's protest because it was filed after 90 days of the issuance of the notice of deficiency. On October 7 or 8, 2000, plaintiff mailed a complaint to the Tax Court that was received on October 12, 2000. The issue is whether the complaint was timely filed with the Tax Court.

N.J.S.A. 54A:9-2(b) provides that a GIT deficiency becomes an assessment after 90 days of the mailing of a notice of deficiency where taxpayer did not protest the deficiency pursuant to N.J.S.A. 54A:9-9. According to N.J.S.A. 54A:9-10(a), an appeal to the Tax Court must be filed within 90 days after the GIT assessment. Furthemore, N.J.S.A. 54:49-18(a) provides that the time to appeal to the Tax Court begins from the date of the Director's final determination.

The Court ruled that R. 1:3-3, which adds three days to the 90-day filing period in Tax Court, was not applicable to the statutes concerning the sending of a notice of deficiency, the filing of a protest, and transformation of the deficiency into an assessment by operation of law because these statutes are not proceedings in the Tax Court governed by N.J.S.A. 54:51A-18.

The Court found that the April 13, 2000, notice of deficiency became an assessment by operation of law on July 12, 2000, (equivalent to the date of the Director's final determination) because a protest was not timely filed with the Division; therefore, the date to file a timely complaint with the Tax Court expired 90 days thereafter on October 10, 2000. As filing with the Tax Court occurs upon receipt of the complaint, the October 12, 2000, receipt was held to be untimely.

Interest Deduction - Acquisition Indebtedness to Purchase S Corporation Stock
Sidman v. Director, Division of Taxation, decided June 28, 2001; Appellate Division No. A-5591-99T5. Plaintiff-shareholder purchased additional interests in an S corporation from other shareholders so that he controlled a majority of the corporate shares. Plaintiff's acquisition was financed with a personal note that provided for equal payments that included interest at 8 percent. The Division disallowed plaintiff's reporting the interest as a deduction from his S corporation pro rata share of income.

The Court held that a shareholder's interest payments to other shareholders for their S corporation stock was not deductible from his pro rata share because there was no authority to permit such a deduction. The statute's plain language did not specifically provide for an interest deduction on personal loans in this situation. Turning to Federal tax law, the Court distinguished an Internal Revenue Service notice that permitted S corporation shareholders to deduct interest in debt-financed acquisitions by stating that neither the statute nor the legislative history reference the application of Federal principles to this issue. Furthermore, the legislative history revealed that the Legislature purposely placed a tax on gross income to limit deductions in order to avoid a perceived unfairness in the Federal system. In discussing *Dantzler,* where the Tax Court ruled that a partner could deduct interest connected to the acquisition of a partnership interest, the Court stated that the Gross Income Tax Act need not treat partnerships and S corporations alike as they are not identical entities. Moreover, unlike partnerships, S corporations have a separate and distinct legal identity apart from their shareholders.

Local Property Tax

Property Exempt Under Continued Character Exception

Job Haines Home for the Aged, Plaintiff v. Bloomfield Twp., Defendant, New Jersey Tax Court, decided February 16, 2001, Docket No. 001135-2000. Plaintiff was an established property tax exempt Title 15A nonprofit corporation operating both a skilled nursing and a residential health care facility situated on five acres. Plaintiff appealed when it was partially assessed at $1,250,000 for tax year 2000 for an under-construction (80% completed and unoccupied) assisted living facility. When complete, all three facilities were interconnected.

At issue before this Tax Court was whether as of the pretax year October 1, 1999, valuation date the partially-erected structure could be assessed for taxes if it was an addition to an existing tax-exempt structure. In order to obtain property tax exemption under N.J.S.A. 54:4-3.6, plaintiff had to show, in part, “actual use” for a specified exempt purpose. Intended or projected future use is not qualifying.

As concerns “actual use” prior courts had determined, “Even where the character of a building under construction and its adoption to exempt use are evident, a property tax exemption does not attach until actual use commences.” See *Hillcrest Health Service System, Inc. v. Hackensack City,* 18 N.J. Tax 38 (1998), and *Holy Cross Precious Zion Glorious Church of God v. Trenton City,* 2 N.J. Tax 352 (1981). “The single thread that runs through the cases…is that there must be actual use made of the buildings in accordance with the exemption statute. Actual public use or being ready to provide such public use is the required quid pro quo.” See *Grace & Peace Fellowship Church, Inc. v. Cranford Twp*., 4 N.J. Tax 391 (1982).

However, this decision holds that Tax Court had previously carved out an exception to the “actual use” rule for property exhibiting a “continued exempt character.” See *Paper Mill Playhouse v. Millburn Twp*., 7 N.J. Tax 78 (1984). In *Paper Mill Playhouse,* exempt property which discontinued “actual use” for a two-year reconstruction period after it was destroyed by fire was allowed to retain exemption, reasoning that having been nontaxable it would not impact the municipal budget. The Court distinguished the *Paper Mill Playhouse* exception by explaining that it only applies where there is a preexisting exempt building, not on a vacant parcel.

Present plaintiff merely erected an addition to an already tax-exempt structure, was not an historic ratable, would not be an added assessment upon the construction’s completion and exempt use, and was granted exemption under the “continued character exception.”

Denial of Refund of Taxes Paid by Mistake

J.C. Trapper, LLC, Plaintiff v. City of Jersey City, Defendant, decided February 22, 2001; Tax Court of New Jersey; Docket No. 001816-2000. In this action, plaintiff, J.C. Trapper, LLC, sought to recover property taxes and interest paid to defendant Jersey City on property owned by the City. The subject two lots were vacated in 1976, in favor of adjacent landowner. In 1987, title to those lots reverted to Jersey City. However, plaintiff and its predecessor continued to pay property tax and interest totaling $492,741.06 on those lots from 1988 through part of 1999. Plaintiff sought refund of the amount paid based on N.J.S.A. 54:4-54 referred to as the “Taxpayer Mistake Provisions” which provides for the refund of taxes “…Where one person has by mistake paid the tax on the property of another supposing it to be his own….”

The Court cited *McShain v. Evesham Twp*., 163 N.J. Super. 522, and *Farmingdale Realty Co. v. Farmingdale*, 55 N.J. 103, which both dealt with the provisions of N.J.S.A. 54:4-54. In *McShain,* plaintiff paid taxes on lots which, without their knowledge, were assessed to them but owned by others. A refund was ordered. In *Farmingdale,* the subject property was assessed twice. Judge Kuskin concluded that, if the payments in question were made “by mistake,” refund is mandatory, not discretionary even though the statute provides that “the governing body…may return the money paid in error….” While the phrase “may return” might invest the governing body with discretion when a taxpayer has mistakenly paid taxes on property owned by another, such discretion is not applicable where a taxpayer has mistakenly paid taxes on property owned by the taxing municipality. The Court made the point that, in the former situation, the municipality is entitled to collect the taxes, and the refund of a mistaken payment could have been made discretionary in the event no procedure is available to the municipality to obtain payment of taxes from the correct taxpayer. In the latter, no taxes were due the municipality, and the municipality may not retain taxes mistakenly paid.

The Tax Court defines "mistake" as used in N.J.S.A. 54:4-54 as a mistake of fact not a mistake of law. A mistake of fact can be illustrated by a misunderstanding of ownership and might be refundable. Taxes paid under a statute later declared to be unconstitutional are paid under a mistake of law and are not subject to refund.

Relief is available under N.J.S.A. 54:4-54 only when taxes are paid by a taxpayer who, when making payment, believes they are due because: (1) the taxpayer is unaware that an assessment on another's property is included in the assessment on the taxpayer's property; or (2) the taxpayer doesn't know the facts to enable him to dispute ownership of the property. The mistake (as per N.J.S.A. 54:4-54) cannot be simply an incorrect interpretation of, or erroneous action taken on the basis of, facts known to the taxpayer which provided a sensible basis for disputing ownership. If taxpayer is unsure of the ownership of a property, then taxpayer should file an appeal or a declaratory judgment action. The taxpayer may not seek relief under statute after paying the taxes for years and seeking no resolution of the ownership issue.

Because the Taxpayer Mistake Provisions broaden taxpayers' remedies beyond the statutory right to appeal, such an expansion is to be construed narrowly, especially when the additional remedy has no limitations period.

Court held that none of the payments made by plaintiff and its predecessors were made "by mistake" under N.J.S.A. 54:4-54. Plaintiff and its predecessors had knowledge of the facts relating to ownership of the property. This knowledge provided a plausible basis for contesting the obligation to pay. Neither sought a judicial determination to clear this up until approximately 11 years later.

In settling appeals for 1988, 1989, 1990, and 1993, plaintiff's predecessor not only failed to contest ownership, but also willingly accepted the property tax obligations on the subject property. As demonstrated by the settlement agreements and site plan application, predecessor did not pay taxes "by mistake." As its predecessor's assignee, plaintiff is chargeable with, and bound by, the significance of predecessor's acceptance of the tax obligations of the subject property.

In 1961, the New Jersey Supreme Court, in *Rosa Systems v. Linden Dari-Delite, Inc.,* 35 N.J. 329, 334, held that when a payment is made voluntarily, it "cannot be recovered on the ground that there was no liability in the first instance." A payment is not voluntary only if "induced by the wrongful pressure of the payee and the payor has no immediate and adequate remedy in the courts to resist (the payment)." Plaintiff and its predecessor had such an available remedy.

Although the assessor mistakenly assessed the subject property to plaintiff and its predecessor, plaintiff's knowledge of the ownership issue was not diminished. The mistake to which the Taxpayer Mistake Provisions of N.J.S.A. 54:4-54 refer is the mistake of the taxpayer, not that of the tax assessor or municipality.

The Court, based on four analyses, concluded that defendant did not realize a windfall by retaining the taxes it collected from third parties on property it owned. (1) Predecessor made prior settlements by allocating settlement of lots under appeal and aggregating assessable value as single economic unit. (2) As per *Liva Group, LLC v. Paramus Borough,* 17 N.J. Tax 609, "Barring proof of fraud or other compelling circumstances a settlement will be enforced in accordance with its essential terms." Predecessor agreed to the assessments. Predecessor and plaintiff (as successor-in-title and assignee) could not now attack the settlement. (3) Attempting to undo the settlement is a violation of the doctrine of judicial estoppel. "Judicial estoppel is an equitable doctrine precluding a party from asserting a position in a case that contradicts or is inconsistent with previous position or a related proceeding." *Tamburelli Properties Ass'n. v. Cresskill Bor.*, 308 N.J. Super. 326. For purposes of judicial estoppel, this litigation and the earlier tax appeals are related legal proceedings and the plaintiff may not now contradict what was earlier agreed upon. (4) Denying plaintiff relief is consistent with decisions in other contexts which permit municipalities to retain taxes and other monies which should not have been collected, such as a taxpayer who fails to appeal overassessments.

Sales and Use Tax

Admission Charges Imposed by Government Entities
Meadowlands Basketball Associates v. Director, Division of Taxation, decided July 24, 2000; Tax Court No. 000665-98. Plaintiff is the owner of the Nets of the National Basketball Association. Pursuant to a license agreement, the New Jersey Sports and Exposition Authority (NJSEA) leased the Continental Airlines Arena to

plaintiff for the Nets to play their home basketball games. The license agreement included the requirement that plaintiff charge, collect, and transfer to the NJSEA a 10% "admission impost" on the price of admission of each ticket sold to home games. The impost fee was included and separately stated on the face of each ticket.

Plaintiff did not charge or collect sales tax on the impost charge; however, it did collect and remit sales tax on the price of admission. Pursuant to an audit, the Division assessed plaintiff sales tax due on the 10% admission impost fee.

Plaintiff argued that the impost fee is exempt under N.J.S.A 54:32B-9(a)(1), which exempts from sales tax the purchase and sale of certain goods and services by specified governmental agencies. It was clear that NJSEA was a specified governmental agency as it was created pursuant to the New Jersey Sports and Exposition Authority Law, P.L. 1971 C. 137, N.J.S.A. 5:10-1 to -38. However, the Court ruled this particular exemption only applies to situations where NJSEA is the vendor, purchaser, user or consumer, not where it imposes an admission charge.

The Court found that N.J.S.A. 54:32B-9(a) does not apply to admission charges imposed by government entities to athletic events because it is addressed in N.J.S.A. 54:32B-9(f). Paragraph (f) states that admission charges collected by State agencies are exempt from sales and use tax except in the case of collection of admission charges to athletic games. In the case of athletic games, the statute states that admission charges are exempt only if they inure exclusively to the benefit of elementary or secondary schools. As NJSEA used the impost charge to fund its statutory mandate of constructing and operating professional sports facilities in New Jersey, the admission charges were held to be subject to sales tax.

Finally, the Court reviewed a New York Tax Appeal Tribunal decision concerning nearly identical facts that granted an exemption in this situation after finding that admission charges are a service. The Court found three reasons as to why the New York decision was not persuasive. (1) Decisions of New York courts are not binding on New Jersey courts or controlling in interpreting New Jersey statutes. (2) The New York determination was decided by an administrative tribunal, not a court, and was not subject to judicial review. In New York, the taxing authority cannot seek review of an adverse administrative tribunal decision. (3) A comparison of the New York and New Jersey statutes concerning admission charges reveals a significant difference in that New York does not include political subdivisions or state agencies in the admission charge discussion. On the other hand, N.J.S.A. 54:32B-9(f) is dispositive of the issue of taxability.

Calculation of the Average Annual Volume

Continental Gypsum Co. v. Director, Division of Taxation, decided November 1, 2000; Tax Court No. 002150-99. The sole issue revolved around the proper calculation of the base level of volume (BLV) to determine the use tax exemption attributable to purchases of natural gas. In general, an eligible person's exemption is based on their BLV, which is equal to their average annual volume (AAV) of non-utility natural gas units purchased and delivered between January 1, 1992, and December 31, 1995. The Director explained via Public Notice, 29 N.J. Reg. 5029(b), that the calculation of the AAV was based upon actual purchases between 1992 and 1995 divided by the number of years the eligible person was in operation between 1992 and 1995. Therefore, if no purchases were made in any calendar year between 1992 and 1995, then that year would not count in the computation. Similarly, if non-utility gas was purchased only in 1995, then the total 1995 purchases would equal the BLV.

In July 1995, plaintiff Continental Gypsum Co. (CGC) commenced purchasing and accepting deliveries of non-utility gas. CGC purchased 473,070 therms in 1995, 3,399,160 therms in 1996, and 4,820,116 therms in 1997. The Director determined that CGC's BLV was 473,070, the total 1995 purchases. First, CGC argued that average annual volume should be based upon its 461,411 therm full monthly production capacity, which was reached in October 1997, multiplied by twelve, or 5,536,932 therms. Alternatively, CGC claimed that its BLV should be 1,474,440 therms, its December 1995 purchases of 122,870 therms multiplied by twelve.

In upholding the Director's Final Determination, the Court reasoned that the Director's interpretation of calculating BLV was not unreasonable. The Court dismissed CGC's first claim by ruling that the statute was clear that any year subsequent to 1995 could not be used in calculating the BLV. Addressing CGC's second claim, the Court ruled that "CGC had failed to demonstrate that the Director's interpretation was unreasonable and furthermore that the Director's interpretation was more reasonable than either of CGC's alternative proposals." The Court stated that the "Director's construction is reasonable, as it is surely not 'plainly unreasonable.' " Although the Court noted that there were several other reasonable alternatives that could be employed to calculate the BLV, it lacked authority to implement a method of calculation more reasonable than the Director's method.

CGC also claimed that the Director's Public Notice was *de facto* rulemaking that is prohibited under the Administrative Procedures Act. The Court found that this Notice was essential because the statute could be interpreted several different ways. The Court noted that although an assemblyman had contested the Director's method of calculation, the legislation was not amended. In distinguishing *Metromedia v. Director, Division of Taxation*, 97 N.J. 313 (1984), the Court held that there was no requirement that the Director's pre-audit determination be adopted by a formal regulation.

Prototypes
Urso & Brown, Inc. v. Director, Division of Taxation, decided January 4, 2001; Tax Court No. 000051-99. Plaintiff is in the business of designing and producing point-of-purchase displays for merchandise sold in retail stores. Initially, plaintiff completed a design sketch of a display for a customer. If the customer approved the sketch, plaintiff engaged a fabricator to prepare a prototype with materials selected by plaintiff. The fabricator prepared the prototype along with drawings or blueprints for the display. Plaintiff inspected, paid for, and presented the prototype to the customer for review but did not charge its customers for the creation of the prototypes at issue. If the customer decided to place an order, plaintiff commenced to manufacture the displays. The prototype generally has no further utility and was not alleged to be for resale. At issue is whether the prototypes are subject to sales and use tax and, if so, whether they qualify for either the production or research and development exemption.

In deciding which entity purchased the materials, the Court found that plaintiff provided the materials to make the prototypes to the fabricators. Therefore, the Court ruled that the prototype purchases constituted tangible personal property upon which fabrication services were performed and, therefore, subject to either sales tax under N.J.S.A. 54:32B-3(b)(1) or use tax via N.J.S.A. 54:32B-6(C). Furthermore, the Court ruled that the transactions between plaintiff and the fabricators did not qualify for an N.J.S.A. 54:32B-2(e)(4)(A) exclusion as professional or personal service transactions where the prototypes were an inconsequential element of the transaction because the real object of the transaction was to acquire the prototypes for use as a sales generating device. Finally, the Court noted that even if the fabricators had provided the materials to make the prototypes, the transaction would be a taxable sale of tangible personalty under N.J.S.A. 54:32B-(a) or B-6(A).

Turning to whether or not the prototypes qualified for exemption from the Sales and Use Tax Act, the Court ruled that the prototypes did not qualify for the N.J.S.A. 54:32B- 8.13(a) production exemption because the prototypes were neither necessary for nor directly and primarily used in the manufacturing process. The Court also held that the transaction did not qualify for the N.J.S.A. 54:32B-8.14 research and development exemption because the prototypes were used as a sales generating device and were not used directly and exclusively in research or development. Furthermore, the Court found the prototypes were not purchased for or used in "research and development in the experimental or laboratory sense" because the use of the prototypes to satisfy specific customer requirements is not in the "nature of a study which seeks new knowledge in, or a new understanding of, a scientific or technical field or subject."

Complimentary Alcoholic Beverages
GNOC, Corp. t/a The Grand v. Director, Division of Taxation, decided April 3, 2001; Supreme Court of New Jersey No. A-35 September Term 2000. Plaintiff purchased alcoholic beverages from its wholesaler free of sales tax pursuant to a resale certificate. Upon audit, the Division assessed use tax on the purchase price of alcoholic beverages that were provided to patrons on a complimentary basis.

Addressing the issue of whether the purchase of alcoholic beverages constituted a nontaxable sale for resale, the New Jersey Supreme Court affirmed the Appellate Division's and Tax Court's determination that there was no resale of the alcohol because there was either no consideration or legally insufficient consideration for the complimentary drinks. Therefore, the transaction between plaintiff and the wholesaler constituted a taxable retail sale and not a nontaxable sale for resale.

The New Jersey Supreme Court next addressed the issue of whether the wholesaler's sales to plaintiff are exempt from sales tax because they are beverage sales for human consumption off the premises where sold under N.J.S.A. 54:32B-8.2. After reviewing the legislative history, the Court found that when the Legislature exempted the sales tax on retail sales of alcoholic beverages by enacting the exemption under N.J.S.A. 54:32B-8.34, it simultaneously deleted the exclusion for alcoholic beverages from the N.J.S.A. 54:32B-8.2 exemption. However, when the Legislature re-enacted legislation that effectively subjected alcoholic beverages to the retail sales tax by repealing the exemption under N.J.S.A. 54:32B-8.34, it inadvertently failed to re-enact the exclusion for alcoholic beverages from the N.J.S.A. 54:32B-8.2 exemption. Regardless, the Court found that alcoholic beverages (on and off premises) were made subject to taxation under the Assembly Appropriations Committee Statement to Assembly Bill No. 3610, P.L. 1990, C. 40. Furthermore, the Court found the fact that alcoholic beverages were not included as products entitled to the 50 percent sales and use tax exemption provided to retailers located in urban enterprise zones to be further evidence of its taxability. Based upon the aforementioned, the Court held that the Legislature clearly intended to subject all alcoholic beverages to sales and use tax regardless of whether they were for consumption on or off the premises.

Complimentary Alcoholic and Nonalcoholic Beverages
Adamar of New Jersey t/a Tropicana Casino and Resort v. Director, Division of Taxation, decided April 3, 2001; Supreme Court of New Jersey No. A-36 September Term 2000. As to the issue of taxability of complimentary alcoholic beverages, the facts are identical to the companion case of *GNOC v. Director, Division of Taxation*. The Court affirmed the decision of the Appellate Division as supplemented by the Supreme Court's opinion in *GNOC*.

As to the issue of taxability of nonalcoholic beverages provided as complimentary beverages, the Court also affirmed the Appellate Division's decision to remand to the Tax Court the issue of the scope of the closing agreements between the plaintiff and the Division**.**

Admission Charges Imposed by Government Entities
Meadowlands Basketball Associates v. Director, Division of Taxation, 19 N.J. Tax 85 (Tax Court 2000), aff'd April 26, 2001; Appellate Division No. A-187-00T1. Plaintiff is the owner of the Nets of the National Basketball Association. Pursuant to a license agreement, the New Jersey Sports and Exposition Authority (NJSEA) leased the Continental Airlines Arena to plaintiff for the Nets to play their home basketball games. The license agreement included the requirement that on behalf of the NJSEA plaintiff charge, collect, and transfer to the NJSEA a 10% "admission impost" on the price of admission of each ticket sold to home games. The impost fee was included and separately stated on the face of each ticket. Plaintiff did not charge or collect sales tax on the impost charge; however, it did collect and remit sales tax on the price of admission. Pursuant to an audit, the Division assessed plaintiff sales tax on the 10% admission impost fee.

The Tax Court held that the impost fees to the Nets games were subject to sales tax as admission charges to athletic events under N.J.S.A. 54:32B-9(f)(2) because the proceeds did not inure exclusively to the benefit of elementary or secondary schools. The Court found a New York Tax Appeal Tribunal case with similar facts to be unpersuasive. Plaintiff appealed on the basis that the impost fee is exempt under N.J.S.A. 54:32B-9(a)(1), which generally exempts from sales tax a governmental agency's amusement charges and sales of goods and services.

The Appellate Division affirmed. The Court ruled that the impost fee was an admission charge, not an amusement charge or a sale of goods or services, and therefore did not qualify for the subsection 9(a)(1) exemption. Regardless, even if the impost fee was found to be exempt under 9(a)(1), the Court ruled that the impost fee would be subject to the subsection 9(f)(2) provisions concerning admission charges to athletic events. To be exempt under this subsection, the proceeds of admission charges to the Nets basketball games must inure exclusively to the benefit of elementary or secondary schools. Per statute, these proceeds were used only for the purposes of NJSEA. Therefore, the impost fee was held to be subject to sales tax. Finally, the Court found the unpublished New York Tax Appeal Tribunal holding that admission charges qualify as services to be unpersuasive because the decision did not consider New York's counterpart to subsection 9(f).

Sales of Materials and Supplies to Contractors
Stephen Little Trucking and Stephen Little v. Director, Division of Taxation, decided May 29, 2001; Tax Court No. 005828-1999. Plaintiff was engaged in the business of selling sand, gravel, mulch, and similar materials to contractors. Although plaintiff concedes that these sales were taxable, plaintiff neither collected sales tax nor obtained direct payment certificates because he claims he is not a person required to collect tax from contractors.

The Court found that there are two statutory provisions that address this issue. First, the relevant section of N.J.S.A. 54:32B-2(w) defines a person required to collect tax as every vendor of tangible personalty. One exception to the definition is that a vendor selling supplies and materials to contractors is not deemed to be a person required to collect tax and the contractor is required to pay the tax directly to the Director. The pertinent part of the second section, N.J.S.A. 54:32B-12(b), provides that in order to prevent the evasion of tax there is a presumption that all receipts from retail sales of tangible personalty are subject to tax until the contrary is established by the person required to collect the tax or the customer. Additionally, this section allows the Director to authorize contractors to pay the tax directly to the Director and thereby waive the vendor's obligation to collect tax where the contractor has been issued a direct payment permit.

The Court held that plaintiff had an obligation to collect sales tax because plaintiff did not collect direct payment certificates from the contractors. Furthermore, the Court ruled that a contractor's difficulty in obtaining a direct payment permit would not be a basis for not collecting sales tax. The Court cited the simultaneous amendments to both sections, legislative intent, the Director's regulations, and the object and policy concerns of the Sales and Use Tax Act, such as effectively collecting and preventing evasion of taxes, in support of its ruling.

Over plaintiff's objections that sections 2(w) and 12(b) are independent of each other, the Court ruled that those sections were, in fact, complementary. The legislative history revealed that 1968 legislation amended both sections so that vendors were relieved from the responsibility of collecting sales tax on sales to contractors in section 2(w) and at the same time legislation added to section 12(b) permitted the authorization of direct tax payments to contractors. If the sections were read independently, the Court determined that the vendor would have no obligation to collect tax on a sale to an unidentified contractor and the Division would be handicapped in identifying the contractor and collecting the tax. The Court also found that the Director's regulations provide that a contractor must pay sales tax at the time of the materials' and supplies' purchase except where the contractor issues a direct payment certificate and then the vendor is not required to collect sales tax. (See N.J.A.C. 18:24-5.)

Maintaining or Servicing Real or Personal Property
L&L Oil Service, Inc. v. Director, Division of Taxation, 18 N.J. Tax 514 (Tax Court 2000), aff'd as modified, June 26, 2001; Appellate Division No. A-3386-99T5. Plaintiff is in the business of pumping waste oil, sludge, and antifreeze from storage tanks located on both commercial and residential properties into its trucks. After removal, the waste materials were transported to plaintiff's facility where the waste was either refined or processed for sale.

Customers paid plaintiff to remove the materials and sometimes clean the tank. Plaintiff's invoices usually charged a lump-sum price for pumping and removal without charging sales tax. However, a few invoices included a separate transportation fee and a few charged sales tax.

Pursuant to an audit the Division assessed sales tax on sales for the removal of waste materials where sales tax was not previously charged. The Tax Court upheld the Division's assessment and the Appellate Division affirmed.

The Tax Court held that plaintiff's waste removal services were subject to sales and use tax because they constituted maintenance or servicing, and the removal allowed the tanks to be used again for their intended purpose of collecting waste. The Appellate Division modified the holding stating that plaintiff's services did not maintain property because the word maintain "…connotes more the concept of repair or preventive maintenance as opposed to emptying a tank so that it can be refilled." The Appellate Division held that the removal of waste fluids from a tank that remains in use for the benefit of the user falls under the term servicing.

The Appellate Division upheld the Tax Court's rejection of plaintiff's alternative theories of nontaxability on the basis that the charges to its customers were exempt (1) as acquisition of raw materials because L&L was not the purchaser; (2) as transportation charges after granting an allocation of the lump-sum charge between removal and transportation; and (3) because plaintiff did not have a license from the Department of Environmental Protection (DEP) to perform maintenance or repair involving hazardous waste contained in storage tanks, even if such license was required. The Appellate Division noted that nothing in the DEP statutes or regulations indicated that plaintiff's removal business did not constitute providing a service. Furthermore, the DEP statutes and Sales and Use Tax Act could not be read in *pari materia* because they don't have the same purpose or object; DEP statutes were enacted to prevent groundwater pollution whereas the Sales and Use Tax Act was enacted to raise revenue.

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.

2000 General and Effective Property Tax Rates By Municipality

County	General Tax Rate	Effective Tax Rate
Atlantic		
Absecon City	3.288	3.200
Atlantic City	3.090	2.780
Brigantine City	2.590	2.560
Buena Borough	2.872	2.680
Buena Vista Township	2.541	2.140
Corbin City	0.956	0.950
Egg Harbor City	4.164	3.590
Egg Harbor Township	2.371	2.230
Estell Manor City	2.342	2.110
Folsom Borough	2.699	2.180
Galloway Township	2.737	2.640
Hamilton Township	2.656	2.490
Hammonton Town	2.663	2.600
Linwood City	3.162	3.020
Longport Borough	1.252	1.230
Margate City	2.052	2.000
Mullica Township	2.530	2.400
Northfield City	3.079	3.090
Pleasantville City	3.448	3.430
Port Republic City	2.442	2.240
Somers Point City	2.887	2.780
Ventnor City	2.851	2.750
Weymouth Township	2.109	1.940
Bergen		
Allendale Borough	2.710	2.120
Alpine Borough	1.030	0.910
Bergenfield Borough	3.790	3.350
Bogota Borough	3.640	2.900
Carlstadt Borough	2.180	1.900
Cliffside Park Borough	2.540	2.150
Closter Borough	2.120	2.220
Cresskill Borough	2.770	2.160
Demarest Borough	2.650	2.150
Dumont Borough	3.150	2.910
Elmwood Park Borough	2.470	2.380
East Rutherford Borough	1.980	2.130
Edgewater Borough	2.210	1.810
Emerson Borough	2.580	2.360
Englewood City	2.990	2.550
Englewood Cliffs Bor.	1.330	1.140
Fair Lawn Borough	2.850	2.460
Fairview Borough	3.150	2.650
Fort Lee Borough	2.440	2.310
Franklin Lakes Borough	1.800	1.490
Garfield City	2.790	2.670
Glen Rock Borough	3.000	2.530
Hackensack City	3.900	3.150
Harrington Park Borough	2.590	2.310
Hasbrouck Heights Bor.	2.720	2.560
Haworth Borough	2.850	2.480
Hillsdale Borough	2.580	2.110
Hohokus Borough	1.900	1.760
Leonia Borough	3.320	2.400
Little Ferry Borough	3.090	2.820
Lodi Borough	3.670	3.060
Lyndhurst Township	2.550	2.360
Mahwah Township	2.090	1.450
Maywood Borough	2.790	2.670
Midland Park Borough	3.020	2.370
Montvale Borough	2.130	1.810
Moonachie Borough	2.160	1.910
New Milford Borough	2.720	2.500
North Arlington Borough	2.800	2.490
Northvale Borough	2.480	2.420
Norwood Borough	2.140	2.140
Oakland Borough	2.650	2.180
Old Tappan Borough	2.230	1.800
Oradell Borough	2.730	2.310
Palisades Park Borough	2.730	2.350
Paramus Borough	2.180	1.790
Park Ridge Borough	2.130	2.010
Ramsey Borough	2.910	2.300
Ridgefield Borough	1.880	1.640
Ridgefield Park Village	3.400	3.090
Ridgewood Village	3.080	2.310
River Edge Borough	2.830	2.580
Rivervale Township	2.540	2.150
Rochelle Park Township	2.580	2.150
Rockleigh Borough	1.090	0.770
Rutherford Borough	3.020	2.880

County	General Tax Rate	Effective Tax Rate
Bergen (continued)		
Saddle Brook Township	2.250	2.190
Saddle River Borough	1.070	0.980
South Hackensack Twp.	2.450	2.080
Teaneck Township	3.520	3.110
Tenafly Borough	2.780	2.330
Teterboro Borough	1.360	1.400
Upper Saddle River Bor.	2.060	1.640
Waldwick Borough	3.030	2.360
Wallington Borough	2.450	2.410
Washington Township	2.480	2.060
Westwood Borough	2.730	2.260
Woodcliff Lake Borough	2.240	1.920
Wood Ridge Borough	2.890	2.060
Wyckoff Township	2.100	1.680
Burlington		
Bass River Township	2.529	2.500
Beverly City	2.913	2.880
Bordentown City	3.488	3.380
Bordentown Township	2.992	2.900
Burlington City	2.577	2.700
Burlington Township	2.433	2.350
Chesterfield Township	2.399	2.320
Cinnaminson Township	2.863	2.610
Delanco Township	3.014	2.740
Delran Township	2.689	2.660
Eastampton Township	2.789	2.730
Edgewater Park Township	2.953	2.800
Evesham Township	2.882	2.730
Fieldsboro Borough	3.198	2.820
Florence Township	2.902	2.830
Hainesport Township	2.448	2.310
Lumberton Township	2.503	2.450
Mansfield Township	2.273	2.180
Maple Shade Township	2.698	2.950
Medford Township	2.915	2.750
Medford Lakes Borough	3.551	3.210
Moorestown Township	3.055	2.430
Mt. Holly Township	3.094	2.870
Mt. Laurel Township	2.530	2.500
New Hanover Township	2.079	2.110
North Hanover Township	1.993	1.950
Palmyra Borough	3.308	3.220
Pemberton Borough	3.301	2.990
Pemberton Township	2.703	2.800
Riverside Township	2.599	2.510
Riverton Borough	3.545	3.270
Shamong Township	2.614	2.530

County	General Tax Rate	Effective Tax Rate
Southampton Township	2.724	2.450
Springfield Township	2.657	2.540
Tabernacle Township	2.554	2.410
Washington Township	2.206	2.110
Westampton Township	2.394	2.370
Willingboro Township	3.598	3.440
Woodland Township	2.683	2.440
Wrightstown Borough	2.337	2.120
Camden		
Audubon Borough	3.460	3.180
Audubon Park Borough	5.220	5.090
Barrington Borough	3.520	3.440
Bellmawr Borough	3.580	3.310
Berlin Borough	3.240	3.170
Berlin Township	3.060	3.170
Brooklawn Borough	3.210	3.380
Camden City	4.500	3.890
Cherry Hill Township	3.180	3.000
Chesilhurst Borough	2.720	2.940
Clementon Borough	3.460	3.590
Collingswood Borough	3.490	3.710
Gibbsboro Borough	4.320	2.910
Gloucester City	2.940	2.950
Gloucester Township	3.120	3.030
Haddon Township	3.180	3.130
Haddonfield Borough	3.320	3.170
Haddon Heights Borough	3.540	3.500
Hi Nella Borough	4.020	4.470
Laurel Springs Borough	3.320	3.430
Lawnside Borough	3.330	3.370
Lindenwold Borough	3.780	3.670
Magnolia Borough	3.630	3.860
Merchantville Borough	3.670	3.770
Mount Ephraim Borough	3.590	3.750
Oaklyn Borough	3.320	3.470
Pennsauken Township	2.970	3.020
Pine Hill Borough	3.760	3.740
Pine Valley Borough	3.300	2.340
Runnemede Borough	3.310	3.450
Somerdale Borough	3.740	3.740
Stratford Borough	3.470	3.540
Tavistock Borough	3.609	3.480
Voorhees Township	4.052	3.290
Waterford Township	3.420	3.540
Winslow Township	3.190	3.080
Woodlynne Borough	3.630	3.810

County	General Tax Rate	Effective Tax Rate
Cape May		
Avalon Borough	0.990	0.870
Cape May City	1.690	1.470
Cape May Point Borough	1.050	0.960
Dennis Township	1.800	1.680
Lower Township	2.370	2.260
Middle Township	2.380	2.320
North Wildwood City	2.500	2.460
Ocean City	1.780	1.560
Sea Isle City	1.610	1.340
Stone Harbor Borough	1.080	0.960
Upper Township	1.590	1.570
West Cape May Borough	1.640	1.910
West Wildwood Borough	2.560	2.340
Wildwood City	3.090	3.020
Wildwood Crest Borough	2.090	2.000
Woodbine Borough	2.130	1.850
Cumberland		
Bridgeton City	3.211	2.857
Commercial Township	2.543	2.082
Deerfield Township	3.084	2.491
Downe Township	2.796	2.549
Fairfield Township	3.077	2.041
Greenwich Township	3.368	2.907
Hopewell Township	3.181	2.552
Lawrence Township	2.611	2.520
Maurice River Township	2.497	2.341
Millville City	3.757	2.757
Shiloh Borough	2.907	3.037
Stow Creek Township	2.001	2.196
Upper Deerfield Twp.	2.215	2.338
Vineland City	2.884	2.457
Essex		
Belleville Township	12.800	3.860
Bloomfield Township	3.700	3.500
Caldwell Borough Twp.	13.610	2.810
Cedar Grove Township	8.820	2.320
East Orange City	27.120	6.150
Essex Fells Township	11.680	1.970
Fairfield Township	2.150	1.950
Glen Ridge Bor. Twp.	10.520	3.950
Irvington Township	22.370	4.960
Livingston Township	10.430	2.660
Maplewood Township	10.220	3.710
Millburn Township	4.940	1.950
Montclair Township	3.880	3.510
Newark City	24.880	3.400

County	General Tax Rate	Effective Tax Rate
North Caldwell Borough	5.540	2.300
Nutley Township	12.490	3.150
Orange City Township	29.110	4.360
Roseland Borough	8.800	2.280
S. Orange Village Twp.	4.490	3.950
Verona Township	6.640	2.870
West Caldwell Township	2.930	2.380
West Orange Township	7.310	3.480
Gloucester		
Clayton Borough	3.109	3.100
Deptford Township	2.376	2.470
East Greenwich Township	2.668	2.500
Elk Township	2.705	2.700
Franklin Township	2.690	2.750
Glassboro Borough	3.302	3.340
Greenwich Township	2.535	2.430
Harrison Township	2.536	2.420
Logan Township	2.062	2.090
Mantua Township	2.820	2.690
Monroe Township	2.967	2.790
National Park Borough	3.292	3.330
Newfield Borough	2.846	2.710
Paulsboro Borough	2.893	2.660
Pitman Borough	3.327	3.210
S. Harrison Township	2.535	2.440
Swedesboro Borough	2.911	2.810
Washington Township	3.034	2.910
Wenonah Borough	3.070	2.970
West Deptford Township	2.803	2.490
Westville Borough	2.967	3.010
Woodbury City	3.596	3.500
Woodbury Heights Bor.	3.745	2.920
Woolwich Township	2.648	2.300
Hudson		
Bayonne City	4.159	3.827
East Newark Borough	5.792	2.965
Guttenberg Town	4.028	3.343
Harrison Town	3.808	3.117
Hoboken City	3.101	2.434
Jersey City	4.548	3.868
Kearny Town	6.039	3.315
North Bergen Township	3.758	3.666
Secaucus Town	2.585	2.654
Union City	4.711	4.807
Weehawken Township	2.851	2.998

County	General Tax Rate	Effective Tax Rate
Hudson (continued)		
West New York Town	4.439	3.938
Hunterdon		
Alexandria Township	2.450	2.240
Bethlehem Township	2.590	2.190
Bloomsbury Borough	2.570	2.340
Califon Borough	2.800	2.610
Clinton Town	2.610	2.730
Clinton Township	2.430	2.300
Delaware Township	2.460	2.040
East Amwell Township	2.520	2.310
Flemington Borough	2.890	2.790
Franklin Township	2.710	2.420
Frenchtown Borough	3.000	2.650
Glen Gardner Borough	2.850	2.610
Hampton Borough	3.520	3.250
High Bridge Borough	3.320	2.990
Holland Township	1.900	1.660
Kingwood Township	2.270	2.190
Lambertville City	2.280	2.240
Lebanon Borough	2.760	2.480
Lebanon Township	2.450	2.200
Milford Borough	2.830	2.480
Raritan Township	2.710	2.460
Readington Township	2.450	2.210
Stockton Borough	2.570	2.460
Tewksbury Township	2.210	1.880
Union Township	2.290	2.040
West Amwell Township	2.060	2.010
Mercer		
East Windsor Township	3.380	3.190
Ewing Township	3.150	2.970
Hamilton Township	2.760	2.740
Hightstown Borough	3.900	3.770
Hopewell Borough	2.850	2.740
Hopewell Township	2.460	2.450
Lawrence Township	2.610	2.500
Pennington Borough	3.030	2.780
Princeton Borough	2.380	2.160
Princeton Township	2.160	2.040
Trenton City	3.760	3.630
Washington Township	2.750	2.580
West Windsor Township	3.380	2.970
Middlesex		
Carteret Borough	3.370	3.090
Cranbury Township	3.090	2.200
Dunellen Borough	6.830	3.070
East Brunswick Township	5.070	2.660
Edison Township	2.640	2.480
Helmetta Borough	4.410	2.450
Highland Park Borough	4.340	3.340
Jamesburg Borough	3.010	3.050
Metuchen Borough	2.900	2.640
Middlesex Borough	4.590	2.840
Milltown Borough	2.920	2.780
Monroe Township	2.340	2.000
New Brunswick City	3.540	3.410
North Brunswick Twp.	2.790	2.570
Old Bridge Township	2.790	2.620
Perth Amboy City	2.990	2.890
Piscataway Township	3.740	2.630
Plainsboro Township	2.710	2.660
Sayreville Borough	2.640	2.400
South Amboy City	5.170	2.700
South Brunswick Twp.	2.490	2.540
South Plainfield Bor.	3.400	2.440
South River Borough	4.260	2.480
Spotswood Borough	5.950	2.950
Woodbridge Township	5.160	2.770
Monmouth		
Aberdeen Township	3.679	3.389
Allenhurst Borough	1.736	1.522
Allentown Borough	3.086	3.031
Asbury Park City	4.081	4.182
Atlantic Highlands Bor.	3.402	2.990
Avon By The Sea Bor.	1.731	1.971
Belmar Borough	2.882	2.488
Bradley Beach Borough	3.255	2.926
Brielle Borough	2.079	1.971
Colts Neck Township	2.156	1.793
Deal Borough	0.936	0.951
Eatontown Borough	2.930	2.652
Englishtown Borough	2.394	2.194
Fair Haven Borough	3.016	2.546
Farmingdale Borough	3.011	2.749
Freehold Borough	2.980	2.797
Freehold Township	2.260	2.196
Hazlet Township	2.930	2.648
Highlands Borough	4.179	3.799
Holmdel Township	2.552	2.063
Howell Township	2.627	2.496
Interlaken Borough	2.140	1.786

County	General Tax Rate	Effective Tax Rate
Monmouth (continued)		
Keansburg Borough	3.663	3.486
Keyport Borough	3.065	3.062
Little Silver Borough	2.855	2.470
Loch Arbour Village	2.326	1.997
Long Branch City	3.374	3.137
Manalapan Township	2.813	2.321
Manasquan Borough	2.514	2.136
Marlboro Township	2.732	2.216
Matawan Borough	3.814	3.415
Middletown Township	2.862	2.548
Millstone Township	2.481	2.186
Monmouth Beach Bor.	2.641	2.205
Neptune Township	3.157	2.892
Neptune City Borough	3.302	2.892
Ocean Township	2.926	2.533
Oceanport Borough	2.578	2.350
Red Bank Borough	3.483	2.887
Roosevelt Borough	4.954	4.319
Rumson Borough	2.477	1.998
Sea Bright Borough	2.730	2.426
Sea Girt Borough	1.523	1.397
Shrewsbury Borough	2.839	2.569
Shrewsbury Township	3.718	3.693
South Belmar Borough	2.737	2.552
Spring Lake Borough	1.189	1.202
Spring Lake Heights Bor.	2.549	2.027
Tinton Falls Borough	2.954	2.692
Union Beach Borough	3.072	3.116
Upper Freehold Township	2.473	2.337
Wall Township	2.421	2.181
West Long Branch Bor.	2.183	2.410
Morris		
Boonton Town	2.670	2.510
Boonton Township	2.100	1.930
Butler Borough	4.270	2.660
Chatham Borough	2.630	1.860
Chatham Township	2.100	1.780
Chester Borough	2.740	2.500
Chester Township	2.400	2.010
Denville Township	3.140	2.110
Dover Town	2.910	2.930
East Hanover Township	2.370	1.530
Florham Park Borough	1.700	1.490
Hanover Township	1.670	1.590
Harding Township	1.640	0.960
Jefferson Township	2.530	2.300
Kinnelon Borough	2.670	2.190

County	General Tax Rate	Effective Tax Rate
Lincoln Park Borough	2.850	2.760
Long Hill Township	3.630	2.120
Madison Borough	1.700	1.790
Mendham Borough	2.350	1.830
Mendham Township	2.260	1.910
Mine Hill Township	2.860	2.670
Montville Township	1.910	1.900
Morris Township	2.070	1.840
Morris Plains Borough	2.110	2.000
Morristown Town	2.790	2.620
Mountain Lakes Borough	2.540	2.190
Mt. Arlington Borough	2.920	2.560
Mt. Olive Township	2.610	2.590
Netcong Borough	2.900	2.920
Parsippany-Troy Hills Twp.	4.680	2.560
Pequannock Township	2.640	2.370
Randolph Township	2.130	2.440
Riverdale Borough	1.950	1.890
Rockaway Borough	2.700	2.580
Rockaway Township	5.070	2.770
Roxbury Township	2.360	2.540
Victory Gardens Borough	3.330	3.070
Washington Township	2.560	2.480
Wharton Borough	2.800	2.590
Ocean		
Barnegat Township	3.194	2.989
Barnegat Light Borough	1.173	1.161
Bay Head Borough	1.423	1.135
Beach Haven Borough	1.942	1.700
Beachwood Borough	2.737	2.595
Berkeley Township	2.238	2.053
Brick Township	2.534	2.335
Dover Township	2.512	2.293
Eagleswood Township	2.689	2.489
Harvey Cedars Borough	1.437	1.408
Island Heights Borough	3.026	2.760
Jackson Township	2.921	2.715
Lacey Township	2.140	2.029
Lakehurst Borough	3.143	3.248
Lakewood Township	2.803	2.596
Lavallette Borough	1.445	1.288
Little Egg Harbor Twp.	2.900	2.826
Long Beach Township	1.411	1.316
Manchester Township	2.533	2.429
Mantoloking Borough	0.964	0.939
Ocean Township	2.737	2.694

County	General Tax Rate	Effective Tax Rate
Ocean (continued)		
Ocean Gate Borough	2.764	2.750
Pine Beach Borough	2.468	2.350
Plumsted Township	2.385	2.229
Point Pleasant Borough	2.607	2.354
Pt. Pleasant Beach Bor.	2.197	1.892
Seaside Heights Borough	2.587	2.512
Seaside Park Borough	2.302	2.200
Ship Bottom Borough	1.666	1.520
South Toms River Bor.	3.006	2.761
Stafford Township	2.450	2.266
Surf City Borough	1.521	1.408
Tuckerton Borough	2.903	2.788
Passaic		
Bloomingdale Borough	3.470	3.150
Clifton City	2.770	2.740
Haledon Borough	3.190	3.160
Hawthorne Borough	2.930	2.690
Little Falls Township	2.940	2.140
North Haledon Borough	4.250	2.440
Passaic City	4.390	4.120
Paterson City	20.870	4.090
Pompton Lakes Borough	3.700	3.310
Prospect Park Borough	2.950	3.100
Ringwood Borough	3.440	3.140
Totowa Borough	2.310	2.190
Wanaque Borough	3.740	3.130
Wayne Township	2.690	2.360
West Milford Township	3.870	3.200
West Paterson Borough	2.790	2.510
Salem		
Alloway Township	2.047	2.090
Carneys Point Township	2.752	2.520
Elmer Borough	2.891	2.520
Elsinboro Township	2.851	2.690
Lower Alloways Crk. Twp.	1.259	0.940
Mannington Township	2.690	2.320
Oldmans Township	2.849	2.300
Penns Grove Borough	3.689	3.250
Pennsville Township	2.792	2.510
Pilesgrove Township	2.378	2.370
Pittsgrove Township	3.023	2.220
Quinton Township	2.246	2.370
Salem City	3.944	3.550
Upper Pittsgrove Twp.	2.823	2.190
Woodstown Borough	3.076	2.990

County	General Tax Rate	Effective Tax Rate
Somerset		
Bedminster Township	1.380	1.430
Bernards Township	1.780	1.920
Bernardsville Borough	1.680	1.790
Bound Brook Borough	3.140	3.160
Branchburg Township	2.270	2.230
Bridgewater Township	3.170	1.850
Far Hills Borough	1.920	1.370
Franklin Township	2.320	2.430
Green Brook Township	2.430	2.210
Hillsborough Township	2.650	2.510
Manville Borough	2.680	2.570
Millstone Borough	1.950	2.060
Montgomery Township	2.490	2.590
North Plainfield Borough	3.280	3.260
Peapack-Gladstone Bor.	1.720	1.740
Raritan Borough	2.470	2.400
Rocky Hill Borough	2.080	1.920
Somerville Borough	3.270	3.480
South Bound Brook Bor.	3.720	3.570
Warren Township	1.800	1.930
Watchung Borough	1.860	1.830
Sussex		
Andover Borough	2.100	2.170
Andover Township	3.060	2.680
Branchville Borough	1.990	1.780
Byram Township	3.140	2.840
Frankford Township	2.670	2.550
Franklin Borough	3.390	3.280
Fredon Township	2.660	2.540
Green Township	2.920	2.800
Hamburg Borough	2.860	2.860
Hampton Township	2.610	2.560
Hardyston Township	2.750	2.690
Hopatcong Borough	3.060	3.120
Lafayette Township	2.440	2.230
Montague Township	2.380	2.340
Newton Town	3.220	3.120
Ogdensburg Borough	3.390	3.370
Sandyston Township	2.390	2.310
Sparta Township	3.790	2.660
Stanhope Borough	3.740	3.320
Stillwater Township	2.980	2.740
Sussex Borough	2.730	2.570
Vernon Township	2.940	2.790
Walpack Township	1.280	1.150
Wantage Township	2.810	2.590

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Union			**Warren**		
Berkeley Heights Twp.	2.000	1.960	Allamuchy Township	2.380	2.280
Clark Township	4.810	2.820	Alpha Borough	3.250	3.150
Cranford Township	3.050	2.460	Belvidere Town	3.330	3.130
Elizabeth City	10.790	2.800	Blairstown Township	2.090	2.040
Fanwood Borough	6.840	2.770	Franklin Township	2.730	2.560
Garwood Borough	5.010	2.870	Frelinghuysen Township	2.720	2.680
Hillside Township	4.340	3.930	Greenwich Township	2.040	2.010
Kenilworth Borough	2.270	2.190	Hackettstown Town	3.700	3.300
Linden City	2.780	2.640	Hardwick Township	2.710	2.480
Mountainside Borough	3.390	1.690	Harmony Township	2.130	1.980
New Providence Borough	2.440	2.270	Hope Township	2.590	2.590
Plainfield City	3.820	3.520	Independence Township	2.600	2.510
Rahway City	3.170	3.200	Knowlton Township	3.000	2.610
Roselle Borough	4.540	4.550	Liberty Township	2.820	2.640
Roselle Park Borough	6.790	3.510	Lopatcong Township	2.640	2.570
Scotch Plains Township	5.300	2.520	Mansfield Township	3.600	2.870
Springfield Township	3.470	2.580	Oxford Township	2.780	2.610
Summit City	2.105	1.780	Phillipsburg Town	2.780	2.690
Union Township	9.480	2.930	Pohatcong Township	2.890	2.800
Westfield Town	4.250	2.280	Washington Borough	3.490	3.340
Winfield Township	106.660	11.850	Washington Township	3.050	2.980
			White Township	2.060	1.830

Abstract of Ratables and Exemptions 2000

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	$ 6,486,246,975	$ 12,130,319,063	$ 18,616,566,038	$ 34,773,600	$ 18,581,792,438
Bergen	34,145,476,933	38,674,061,735	72,819,538,668	7,871,300	72,811,667,368
Burlington	6,492,096,992	14,807,292,971	21,299,389,963	16,398,500	21,282,991,463
Camden	5,365,191,012	14,240,488,986	19,605,679,998	61,234,872	19,544,445,126
Cape May	7,557,573,250	6,538,289,630	14,095,862,880	6,258,160	14,089,604,720
Cumberland	908,714,145	3,082,421,625	3,991,135,770	55,491,020	3,935,644,750
Essex	6,421,693,950	10,721,261,200	17,142,955,150	23,484,400	17,119,470,750
Gloucester	3,371,370,700	8,577,442,590	11,948,813,290	36,310,625	11,912,502,665
Hudson	7,247,760,573	11,696,632,041	18,944,392,614	46,084,200	18,898,308,414
Hunterdon	4,157,674,905	6,874,019,291	11,031,694,196	18,600	11,031,675,596
Mercer	6,984,925,703	13,167,929,575	20,152,855,278	8,110,030	20,144,745,248
Middlesex	13,554,695,300	24,429,468,296	37,984,163,596	106,439,000	37,877,724,596
Monmouth	17,149,049,417	24,893,916,885	42,042,966,302	14,749,950	42,028,216,352
Morris	16,246,522,532	24,488,314,662	40,734,837,194	341,200	40,734,495,994
Ocean	14,973,142,085	18,231,642,697	33,204,784,782	3,549,200	33,201,235,582
Passaic	8,829,720,109	11,430,338,434	20,260,058,543	1,226,800	20,258,831,743
Salem	670,197,808	2,106,761,322	2,776,959,130	268,500	2,776,690,630
Somerset	9,701,421,701	17,205,827,155	26,907,248,856	4,580,850	26,902,668,006
Sussex	3,034,863,018	5,248,031,807	8,282,894,825	680,480	8,282,214,345
Union	9,543,841,870	13,757,485,050	23,301,326,920	5,082,900	23,296,244,020
Warren	1,807,669,341	4,039,620,709	5,847,290,050	3,713,650	5,843,576,400
TOTALS	$184,649,848,319	$286,341,565,724	$470,991,414,043	$436,667,837	$470,554,746,206

Abstract of Ratables and Exemptions 2000 (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	$ 78,342,803	$ 18,660,135,241				$85,771	$ 891,586
Bergen	182,586,491	72,994,253,859					112,839,160
Burlington	107,612,257	21,390,603,720					114,840,861
Camden	111,518,425	19,655,963,551					151,764,868
Cape May	37,338,363	14,126,943,083					22,153,536
Cumberland	29,941,446	3,965,586,196					27,141,039
Essex	62,057,826	17,181,528,576					
Gloucester	229,599,804	12,142,102,469					73,355,687
Hudson	85,938,807	18,984,247,221					
Hunterdon	50,294,589	11,081,970,185					9,958,223
Mercer	102,130,104	20,246,875,352			$1,366,198		
Middlesex	183,370,812	38,061,095,408					77,698,920
Monmouth	212,893,931	42,241,110,283					133,258,379
Morris	159,920,628	40,894,416,622					584,070,861
Ocean	132,858,197	33,334,093,779					2,381,667
Passaic	68,998,837	20,327,830,580					8,499,075
Salem	17,942,837	2,794,633,467					8,649,972
Somerset	88,121,242	26,990,789,248					849,932,745
Sussex	46,955,807	8,329,170,152					19,397,325
Union	73,159,531	23,369,403,551					11,593,639
Warren	34,278,069	5,877,854,469					342,371
TOTALS	$2,095,860,806	$472,650,607,012			$1,366,198	$85,771	$2,208,769,914

Abstract of Ratables and Exemptions 2000 (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	$ 1,299,617,335	$ 19,958,946,761	$ 87,069,416.74			$ 158,843.35	
Bergen	12,497,430,004	85,378,844,703	196,285,409.16			2,029,082.43	$ 6,527.27
Burlington	1,229,852,391	22,505,615,250	110,922,965.65			172,965.65	
Camden	1,066,991,698	20,571,190,381	177,161,535.00			514,057.00	30,436.00
Cape May	1,454,609,005	15,559,398,552	64,627,233.76			68,308.46	12.02
Cumberland	737,673,333	4,676,118,490	42,263,171.44			341,929.44	
Essex	22,493,445,813	39,674,974,389	283,691,227.41			3,246,084.41	
Gloucester	577,692,162	12,646,438,944	76,971,150.18			342,230.76	
Hudson	2,723,874,688	21,708,121,909	181,742,359.94			2,515,308.94	
Hunterdon	1,135,213,672	12,207,225,634	48,940,906.24			158,906.24	
Mercer	1,010,470,075	21,255,979,229	111,565,955.12			262,337.13	21,500.01
Middlesex	9,225,228,699	47,208,625,187	185,893,279.51			646,105.94	92,826.43
Monmouth	5,127,520,772	47,235,372,676	201,835,135.57			307,512.01	1,904.44
Morris	7,937,686,432	48,248,032,193	132,629,308.93			398,305.66	
Ocean	2,698,289,330	36,030,001,442	171,339,955.04			342,376.74	2,451.70
Passaic	4,605,197,630	24,924,529,135	143,091,808.13			1,084,331.43	
Salem	388,548,093	3,174,531,588	29,690,212.72			223,926.30	
Somerset	2,352,388,029	28,493,244,532	117,889,877.59			102,738.83	2,861.24
Sussex	855,646,809	9,165,419,636	42,912,330.00			81,779.00	
Union	11,015,617,483	34,373,427,395	152,755,810.04			2,623,043.04	
Warren	373,421,648	6,250,933,746	43,763,672.29			105,958.29	
TOTALS	$90,806,415,101	$561,246,971,772	$2,603,042,720.46			$15,726,131.05	$158,519.11

Abstract of Ratables and Exemptions 2000 (continued)

Col. 12—APPORTIONMENT OF TAXES

	Section A County Taxes			Section B		
COUNTY	III Net County Taxes Apportioned	IV Municipal Budget State Aid (R.S. 52:27D-118.40)	V Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII – IV – Addendum 1(a))	(a) County Library Taxes	(b) County Health Taxes	(c) County Open Space Taxes
Atlantic	$ 86,910,573.39		$ 86,910,573.39	$ 4,152,247.00	$ 3,386,543.00	$ 3,991,789.33
Bergen	194,262,854.00		194,262,854.00			4,268,955.36
Burlington	110,750,000.00		110,717,900.00	5,462,000.00		9,002,000.00
Camden	176,677,914.00		176,677,914.00	4,890,068.00		2,215,866.00
Cape May	64,558,937.32		64,484,218.32	3,485,950.81		1,555,939.86
Cumberland	41,921,242.00		41,916,112.00		1,142,628.00	467,611.85
Essex	280,445,143.00		280,445,143.00			3,967,497.44
Gloucester	76,628,919.42		76,628,919.42	1,866,050.00		1,264,644.00
Hudson	179,227,051.00		179,227,051.00			
Hunterdon	48,782,000.00		48,782,000.00	3,783,507.00		3,600,000.00
Mercer	111,325,118.00		111,302,472.00	7,143,737.00		4,243,369.16
Middlesex	185,340,000.00		185,340,000.00			4,713,407.65
Monmouth	201,529,528.00		201,529,528.00	7,756,994.00	1,082,803.00	10,000,000.00
Morris	132,231,003.27		132,169,034.27			15,680,610.47
Ocean	171,000,030.00		171,000,030.00	16,682,350.00	5,300,000.00	4,320,000.00
Passaic	142,007,476.70		142,007,476.70			1,744,717.04
Salem	29,466,286.42		29,464,554.42			
Somerset	117,790,000.00		117,790,000.00	6,672,428.00		8,547,973.00
Sussex	42,830,551.00	$20,866.00	42,809,685.00	2,914,971.00	1,015,117.00	
Union	150,132,767.00		150,132,767.00			
Warren	43,657,714.00		43,657,687.00	2,866,520.00		2,500,373.50
TOTALS	$2,587,475,108.52	$20,866.00	$2,587,255,919.52	$67,676,822.81	$11,927,091.00	$82,084,754.66

Abstract of Ratables and Exemptions 2000 (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))	(b) Regional Consolidated and Joint School Budgets	(c) Local School Budget	II LOCAL MUNICIPAL PURPOSES (a) Local Municipal Budget (Adjusted by Addendum 1(c))	(b) Local Municipal Open Space
Atlantic	$ 187,247,427.50	$ 30,037,193.48	$ 4,854,335.29	$ 199,604,601.99	
Bergen	962,837,734.50	130,248,601.65	27,564,864.00	573,254,174.71	$ 583,384.08
Burlington	291,210,009.50	75,307,600.88	7,112,823.00	96,415,861.90	1,873,121.48
Camden	299,629,308.94	49,541,355.97		129,362,966.27	124,591.00
Cape May	78,483,111.00	10,595,764.00		89,637,002.65	
Cumberland	41,572,488.00	4,549,511.83	64,265.26	28,226,455.09	
Essex	477,286,831.00	98,452,374.26	6,785,988.06	405,915,341.66	210,182.89
Gloucester	163,691,075.12	23,136,526.18		77,629,125.66	207,497.49
Hudson	263,685,003.00		12,087,303.50	304,343,003.90	
Hunterdon	122,416,632.91	65,285,329.43		29,419,394.15	2,662,424.78
Mercer	174,218,724.00	154,898,659.44	1,027,856.00	126,107,368.78	2,556,544.56
Middlesex	730,790,171.50	34,923,012.69	1,184,010.68	274,209,292.59	2,793,179.53
Monmouth	507,267,103.38	166,767,811.84	19,143.00	241,036,433.82	2,780,153.15
Morris	492,375,787.09	150,601,797.88		235,194,537.27	6,099,128.67
Ocean	262,926,757.00	137,769,763.29	4,248,000.00	182,962,742.70	34,219.46
Passaic	315,568,175.50	26,603,086.00	235,740.00	237,937,491.66	
Salem	28,251,758.00	11,016,446.52		7,416,203.78	15,000.00
Somerset	288,259,223.43	93,481,986.73		99,041,398.17	6,207,421.48
Sussex	115,801,568.64	41,370,218.87		47,255,969.94	432,111.00
Union	424,500,603.00	41,177,189.94	1,787,776.00	280,770,468.17	186,943.00
Warren	67,700,959.50	24,095,156.00		20,379,872.39	687,593.11
TOTALS	$6,295,720,452.51	$1,369,859,386.88	$66,972,104.79	$3,686,119,707.25	$27,453,495.68

Abstract of Ratables and Exemptions 2000 (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	$ 520,184,710.98	$ 519,551,800	$ 33,091,900	$ 1,565,950,450	$ 187,434,300
Bergen	1,893,020,568.30	1,798,647,807	585,226,500	4,138,786,470	975,601,900
Burlington	597,101,316.76	593,375,770	73,437,300	1,769,564,618	407,941,170
Camden	662,442,070.18	783,564,100	195,278,200	1,387,565,958	629,014,128
Cape May	248,241,986.64	129,626,000	20,004,800	567,614,450	188,796,910
Cumberland	117,939,072.03	177,818,100	19,540,800	474,731,700	122,376,000
Essex	1,273,806,358.31	663,436,500	482,354,000	2,447,254,100	677,636,200
Gloucester	344,423,837.87	382,368,100	178,199,100	385,164,000	266,895,850
Hudson	759,342,361.40	608,856,000	366,484,400	2,251,838,580	659,717,183
Hunterdon	275,949,288.27	201,396,220	3,230,100	630,163,396	144,964,025
Mercer	581,498,730.94	525,605,500	1,496,048,450	2,183,739,672	489,293,400
Middlesex	1,233,953,074.64	1,796,509,800	826,159,600	1,267,478,550	794,682,550
Monmouth	1,138,239,970.19	946,479,499	197,380,900	1,801,086,330	568,317,677
Morris	1,032,120,895.65	715,904,000	262,760,350	2,015,727,461	657,202,300
Ocean	785,243,862.45	543,825,039	51,810,900	1,977,534,749	374,578,980
Passaic	724,096,686.90	497,163,900	203,103,900	1,356,070,925	630,889,800
Salem	76,163,962.72	85,651,150	17,736,800	154,417,200	70,008,700
Somerset	620,000,430.81	423,696,800	89,835,325	800,985,586	312,528,700
Sussex	251,599,641.45	228,855,900	17,572,400	454,359,110	108,165,990
Union	898,555,747.11	651,077,200	206,164,300	1,780,995,000	610,384,300
Warren	161,888,161.50	163,420,373	48,145,842	224,114,846	108,849,050
TOTALS	$14,195,812,735.10	$12,436,829,558	$5,373,565,867	$29,635,143,151	$8,985,279,113

Abstract of Ratables and Exemptions 2000 (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 Revenues Anticipated
Atlantic	$ 16,978,300	$ 788,686,081	$ 3,111,692,831	$ 27,280,193.65	$ 89,631,860.85
Bergen	344,378,400	3,233,988,250	11,076,629,327	83,498,786.00	233,675,646.75
Burlington	13,740,200	507,083,221	3,365,142,279	41,021,931.00	107,763,981.92
Camden	30,472,400	513,190,116	3,539,084,902	29,514,873.10	193,895,041.39
Cape May	2,550,500	263,006,250	1,171,598,910	16,510,345.30	64,076,499.00
Cumberland	5,751,500	176,014,700	976,232,800	9,623,664.60	48,853,687.56
Essex	46,493,100	707,495,650	5,024,669,550	50,989,298.75	562,574,314.51
Gloucester	8,196,800	133,251,900	1,354,075,750	18,396,556.13	61,814,527.77
Hudson	161,473,600	3,279,951,556	7,328,321,319	13,558,085.86	408,445,849.98
Hunterdon	10,923,300	80,967,763	1,071,644,804	18,974,904.04	34,475,526.46
Mercer	26,232,300	688,382,030	5,409,301,352	28,679,047.83	197,284,240.10
Middlesex	105,295,700	1,198,927,800	5,989,054,000	43,413,749.50	266,119,754.12
Monmouth	66,760,300	1,208,987,700	4,789,012,406	69,955,337.04	174,402,471.78
Morris	61,688,025	606,548,890	4,319,831,026	52,538,891.13	138,726,533.92
Ocean	11,241,800	262,235,786	3,221,227,254	56,243,551.70	119,788,308.80
Passaic	76,417,400	357,900,403	3,121,546,328	26,496,843.00	160,484,549.45
Salem	1,459,100	85,283,686	414,556,636	8,107,266.64	31,957,129.84
Somerset	23,810,767	461,363,321	2,112,220,499	37,939,556.17	87,132,078.24
Sussex	3,349,100	129,045,400	941,347,900	16,448,682.00	33,305,590.89
Union	170,216,500	396,856,300	3,815,693,600	37,760,948.00	214,961,854.43
Warren	12,823,916	130,077,158	687,431,185	13,360,754.00	26,899,906.69
TOTALS	$1,200,253,008	$15,209,243,961	$72,840,314,658	$700,313,265.44	$3,256,269,354.45

Abstract of Ratables and Exemptions 2000 (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 — (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	$ 6,260,650.00	$ 123,172,704.50	$ 997,050	$ 954,850	$ 19,165,957,018
Bergen	24,915,805.00	342,090,237.75	3,340,675	3,774,050	81,554,588,467
Burlington	13,972,769.12	162,758,682.04	1,550,350	2,140,200	22,344,569,172
Camden	17,016,651.36	240,426,565.85	2,797,950	2,157,500	20,310,407,559
Cape May	7,552,054.12	88,138,898.42	594,250	638,300	15,488,160,515
Cumberland	5,480,044.57	63,957,396.73	1,059,250	544,400	4,555,231,489
Essex	51,977,473.14	665,541,086.40	1,630,125	1,606,400	39,005,348,886
Gloucester	10,395,609.78	90,606,693.68	1,339,100	1,215,948	12,547,356,670
Hudson	12,901,936.87	434,905,872.71	1,244,750	865,700	21,163,686,313
Hunterdon	4,950,272.95	58,400,703.45	261,925	456,200	11,147,443,363
Mercer	16,343,956.00	242,307,243.93	1,608,000	1,334,700	21,005,673,995
Middlesex	11,457,261.06	320,990,764.68	2,864,750	3,061,400	46,704,771,691
Monmouth	23,076,238.21	267,434,047.03	2,381,900	1,526,750	47,030,557,239
Morris	14,424,557.00	205,689,982.05	983,283	1,757,100	47,936,716,305
Ocean	17,043,654.00	193,075,514.50	4,329,517	3,801,700	35,937,059,191
Passaic	9,063,753.40	196,045,145.85	1,622,400	1,462,700	24,604,340,660
Salem	4,019,941.64	44,084,338.12	390,000	345,700	3,060,224,671
Somerset	6,856,627.00	131,928,261.41	739,950	1,013,951	28,108,814,926
Sussex	7,294,895.00	57,049,167.89	433,250	574,550	9,109,450,987
Union	18,667,682.00	271,390,484.43	2,068,550	1,899,000	33,573,654,239
Warren	5,037,065.10	45,297,725.79	456,400	458,900	6,189,946,878
TOTALS	$288,708,897.32	$4,245,291,517.21	$32,693,425	$31,589,999	$550,543,960,234

Abstract of Ratables and Exemptions 2000 (continued)

COUNTY	Addendum 1: State Aid Adjustment for Business Personal Property Tax (a) County Adjustment	(b) School Adjustment	(c) Municipal Adjustment	Addendum 2: Regional Efficiency Aid Program (R.E.A.P) Distribution Summary (a) Eligible Property Assessments	(b) R.E.A.P. Aid
Atlantic			$ 1,261,941.00	$ 2,900,250,700	$ 1,042,572
Bergen			2,604,139.50	11,370,015,418	2,458,469
Burlington	$ 32,100	$ 28,272	1,241,084.00	3,042,905,471	722,573
Camden			1,676,277.50	1,982,975,450	302,151
Cape May	74,719		326,764.00	1,354,011,700	132,410
Cumberland	5,130		210,471.50	1,368,179,600	209,775
Essex			4,829,151.00	3,473,483,250	1,393,655
Gloucester			703,204.00	1,706,187,000	833,566
Hudson			2,577,228.00	2,535,410,950	6,553,652
Hunterdon	8,636		34,015.00	784,440,700	100,927
Mercer	22,646	81,338	1,241,914.50	137,322,400	24,236
Middlesex			2,447,703.00	3,109,233,896	512,012
Monmouth			3,251,286.00	4,257,952,283	652,206
Morris	61,969	191,891	1,792,383.00	2,909,796,102	99,034
Ocean			1,474,826.00	2,738,487,800	277,486
Passaic			960,592.50		
Salem	1,732		245,025.00	997,581,985	248,552
Somerset			780,218.00	5,815,300,965	719,933
Sussex			10,854.00	1,292,292,366	264,049
Union			1,781,543.00		
Warren	27		278,987.00	640,666,592	81,216
TOTALS	$206,959	$301,501	$29,729,607.50	$52,416,494,628	$16,628,474

2000 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	–	–	–	–	–	–	–	$ 191,100
Bergen	$ 450,000	–	–	–	–	$ 176,700	–	–
Burlington	4,429,100	$ 157,000	$ 1,000	$ 600,000	$ 315,200	–	–	–
Camden	90,700	–	–	–	–	395,320	–	538,800
Cape May	–	–	1,000	–	–	97,900	$ 23,700	–
Cumberland	3,863,500	–	–	–	–	–	–	–
Essex	352,900	–	101,800	–	22,473,000	36,000	–	–
Gloucester	13,325,925	–	–	13,300	–	79,000	–	1,229,900
Hudson	235,100	–	–	2,500,000	–	–	5,470,300	–
Hunterdon	–	–	–	–	–	–	–	–
Mercer	–	–	108,700	62,800	6,297,100	–	–	–
Middlesex	3,864,000	1,405,600	–	–	–	806,000	–	90,000
Monmouth	1,820,200	–	–	2,601,200	–	23,300	–	–
Morris	198,400	–	1,000	141,800	–	–	–	–
Ocean	48,600	447,500	5,800	–	–	–	–	–
Passaic	–	–	–	262,600	–	638,300	43,800	282,100
Salem	–	–	–	–	–	–	–	–
Somerset	–	–	–	–	–	2,180,300	–	–
Sussex	–	–	–	–	–	–	–	4,080
Union	127,000	–	–	–	4,955,900	–	–	–
Warren	1,209,800	–	101,700	–	2,397,200	–	–	4,950
TOTALS	$30,015,225	$2,010,100	$321,000	$6,181,700	$36,438,400	$4,432,820	$5,537,800	$2,340,930

2000 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	–	$ 2,626,700	–	$ 171,600	–	$ 25,000	$ 31,759,200	$ 34,773,600
Bergen	$ 302,400	6,837,400	–	–	–	–	104,800	7,871,300
Burlington	2,567,200	4,734,900	–	–	$ 10,000	–	3,356,100	16,398,500
Camden	1,134,652	11,932,600	–	–	3,746,600	–	43,396,200	61,234,872
Cape May	40,200	1,764,400	–	2,063,410	70,000	–	2,197,550	6,258,160
Cumberland	–	7,140,900	–	1,211,000	–	9,200	43,266,420	55,491,020
Essex	35,800	468,900	–	–	–	–	16,000	23,484,400
Gloucester	–	5,532,700	–	–	–	–	16,129,800	36,310,625
Hudson	5,298,000	–	$7,805,500	–	2,421,300	–	22,354,000	46,084,200
Hunterdon	18,600	–	–	–	–	–	–	18,600
Mercer	20,030	1,544,400	–	–	–	–	77,000	8,110,030
Middlesex	14,780,100	11,655,300	–	–	1,551,900	–	72,286,100	106,439,000
Monmouth	2,454,600	6,664,600	–	946,850	214,200	–	25,000	14,749,950
Morris	–	–	–	–	–	–	–	341,200
Ocean	–	825,100	–	–	–	–	2,222,200	3,549,200
Passaic	–	–	–	–	–	–	–	1,226,800
Salem	–	243,500	–	–	–	–	25,000	268,500
Somerset	–	1,882,600	–	–	–	–	517,950	4,580,850
Sussex	–	–	–	–	–	–	676,400	680,480
Union	–	–	–	–	–	–	–	5,082,900
Warren	–	–	–	–	–	–	–	3,713,650
TOTALS	$26,651,582	$63,854,000	$7,805,500	$4,392,860	$8,014,000	$34,200	$238,409,720	$436,667,837

Summary of 2000 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	Classification	Property Tax Deduction Granted	Property Tax Deduction Denied
Atlantic	1,509	105	97	1,022	0	67	65	121	1	31	0
Bergen	2,466	981	425	342	1	90	501	119	0	0	1
Burlington	551	217	25	165	0	50	10	65	1	3	0
Camden	1,022	45	25	415	0	109	14	235	0	167	10
Cape May	271	15	41	133	1	30	2	40	0	3	3
Cumberland	273	22	0	175	0	8	4	26	3	35	0
Essex	2,747	22	103	812	0	183	1,151	359	0	52	0
Gloucester	351	7	41	162	0	18	19	37	3	0	0
Hudson	2,219	420	558	276	5	86	186	688	0	0	0
Hunterdon	173	30	13	73	0	9	3	32	8	0	0
Mercer	920	216	49	451	0	106	16	51	0	2	0
Middlesex	852	124	21	212	0	73	314	92	0	0	0
Monmouth	899	111	64	291	0	77	64	281	3	4	1
Morris	828	89	174	287	0	83	60	128	5	1	0
Ocean	1,303	115	93	370	2	146	305	202	1	59	5
Passaic	1,323	300	109	68	1	98	658	51	0	38	0
Salem	158	11	60	74	0	5	2	3	1	0	0
Somerset	618	149	73	168	0	33	38	78	0	5	1
Sussex	970	179	36	115	0	21	533	79	5	1	1
Union	1,028	61	78	200	4	45	435	181	0	24	0
Warren	145	18	12	64	0	7	29	10	4	0	0
TOTALS	20,626	3,237	2,097	5,875	14	1,344	4,409	2,878	35	425	22

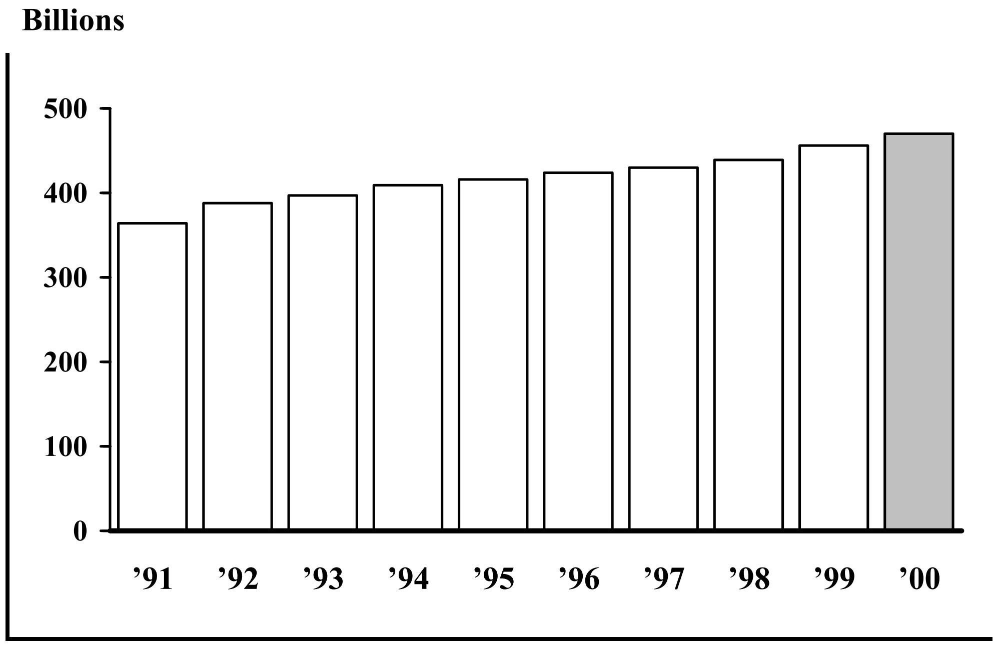
Summary of 2000 County Tax Board Appeals Reported
Pursuant to C.499 P.L. 1979 (N.J.S.A. 54:3-5.1) – continued

COUNTY	Col. 2 Number of Dispositions Other	Col. 3 Number of Appeals in Each Class of Property: Class 1 Vacant Land	Class 2 Residential	Class 3A Farm Regular	Class 3B Farm Qualified	Class 4 Commercial Industrial Apartment	Other	Col. 4 Original Amount of Assessments Involved	Col. 5 Total Amount of Assessment Reductions Granted
Atlantic	0	354	1,037	1	0	116	1	$ 375,166,935	$ 102,462,367
Bergen	6	219	1,679	2	7	544	15	1,136,180,823	90,954,077
Burlington	15	79	331	5	6	127	3	275,588,660	23,278,160
Camden	2	57	788	2	0	160	15	170,267,100	16,087,650
Cape May	3	26	208	0	0	37	0	68,298,900	4,418,950
Cumberland	0	24	155	5	0	54	35	31,901,200	4,584,900
Essex	65	181	1,278	0	0	1,274	14	308,770,000	17,360,000
Gloucester	64	51	227	9	6	57	1	82,424,900	7,340,810
Hudson	0	152	1,195	0	0	872	0	573,066,517	23,335,550
Hunterdon	5	56	86	9	10	12	0	66,487,580	4,190,750
Mercer	29	62	720	5	1	130	2	169,213,145	22,750,615
Middlesex	16	401	274	3	1	171	2	212,685,100	15,437,875
Monmouth	3	309	455	1	3	129	2	261,787,700	19,149,760
Morris	1	239	431	5	5	144	4	299,364,800	23,985,740
Ocean	5	518	708	2	0	71	4	256,413,758	14,549,520
Passaic	0	157	551	1	2	606	6	212,669,875	7,825,354
Salem	2	59	72	3	0	24	0	25,320,300	3,146,145
Somerset	73	77	438	23	3	72	5	259,614,635	18,442,486
Sussex	0	154	661	13	7	90	45	69,051,200	7,411,200
Union	0	59	605	0	0	362	2	243,879,200	8,248,182
Warren	1	25	79	6	1	32	2	36,907,392	3,508,220
TOTALS	290	3,259	11,978	95	52	5,084	158	$5,135,059,720	$438,468,311

Summary of 2000 County Tax Board Appeals Reported
Pursuant to C.499 P.L. 1979 (N.J.S.A. 54:3-5.1) – continued

	Col. 6	Col. 7	Col. 8							
	Total Amount of Assessment Increases Granted	Net Total Assessments (Col. 4 – 5 + 6)	Number of Appeals in Each Filing Fee Category							
COUNTY			$5.00	$25.00	$100.00	$150.00	Class $25	Other $25	No Fee	Total
Atlantic	$ 0	$ 272,704,568	717	685	33	16	24	2	32	1,509
Bergen	1,396,751	1,046,623,497	414	977	254	115	4	0	702	2,466
Burlington	109,420	252,419,920	187	67	31	34	0	56	176	551
Camden	119,600	154,299,050	615	151	26	21	5	0	204	1,022
Cape May	0	63,879,950	153	70	27	9	1	0	11	271
Cumberland	15,000	27,331,300	168	25	5	3	3	10	59	273
Essex	21,700	291,431,700	2,029	466	66	18	66	0	102	2,747
Gloucester	202,500	75,286,590	210	75	4	10	8	0	44	351
Hudson	537,500	550,268,467	1,041	560	128	39	6	445	0	2,219
Hunterdon	1,000,370	63,297,200	34	105	9	5	10	0	10	173
Mercer	57,600	146,520,130	585	136	16	10	5	0	168	920
Middlesex	1,184,500	198,431,725	539	184	47	24	3	0	55	852
Monmouth	338,100	242,976,040	491	164	64	29	1	110	40	899
Morris	1,843,100	277,222,160	232	186	99	26	3	252	30	828
Ocean	630,700	242,494,938	770	207	28	20	120	0	158	1,303
Passaic	409,200	205,253,721	864	301	43	11	9	0	95	1,323
Salem	0	22,174,155	96	12	3	2	0	45	0	158
Somerset	3,323,200	244,495,349	108	217	33	11	0	1	248	618
Sussex	380,800	62,020,800	736	77	10	2	8	0	137	970
Union	754,300	236,385,318	543	354	55	15	9	0	52	1,028
Warren	1,092,802	34,491,974	60	60	11	3	5	0	6	145
TOTALS	$13,417,143	$4,710,008,552	10,592	5,079	992	423	290	921	2,329	20,626

Total Taxable Value
Land and Improvements in New Jersey
1991 – 2000



2000 County Values

Atlantic	$ 18,616,566,038	Middlesex	$ 37,984,163,596
Bergen	72,819,538,668	Monmouth	42,042,966,302
Burlington	21,299,389,963	Morris	40,734,837,194
Camden	19,605,679,998	Ocean	33,204,784,782
Cape May	14,095,862,880	Passaic	20,260,058,543
Cumberland	3,991,135,770	Salem	2,776,959,130
Essex	17,142,955,150	Somerset	26,907,248,856
Gloucester	11,948,813,290	Sussex	8,282,894,825
Hudson	18,944,392,614	Union	23,301,326,920
Hunterdon	11,031,694,196	Warren	5,847,290,050
Mercer	20,152,855,278	**Total**	**$470,991,414,043**

Taxes Administered by the Public Utility Tax Section for 2001 (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

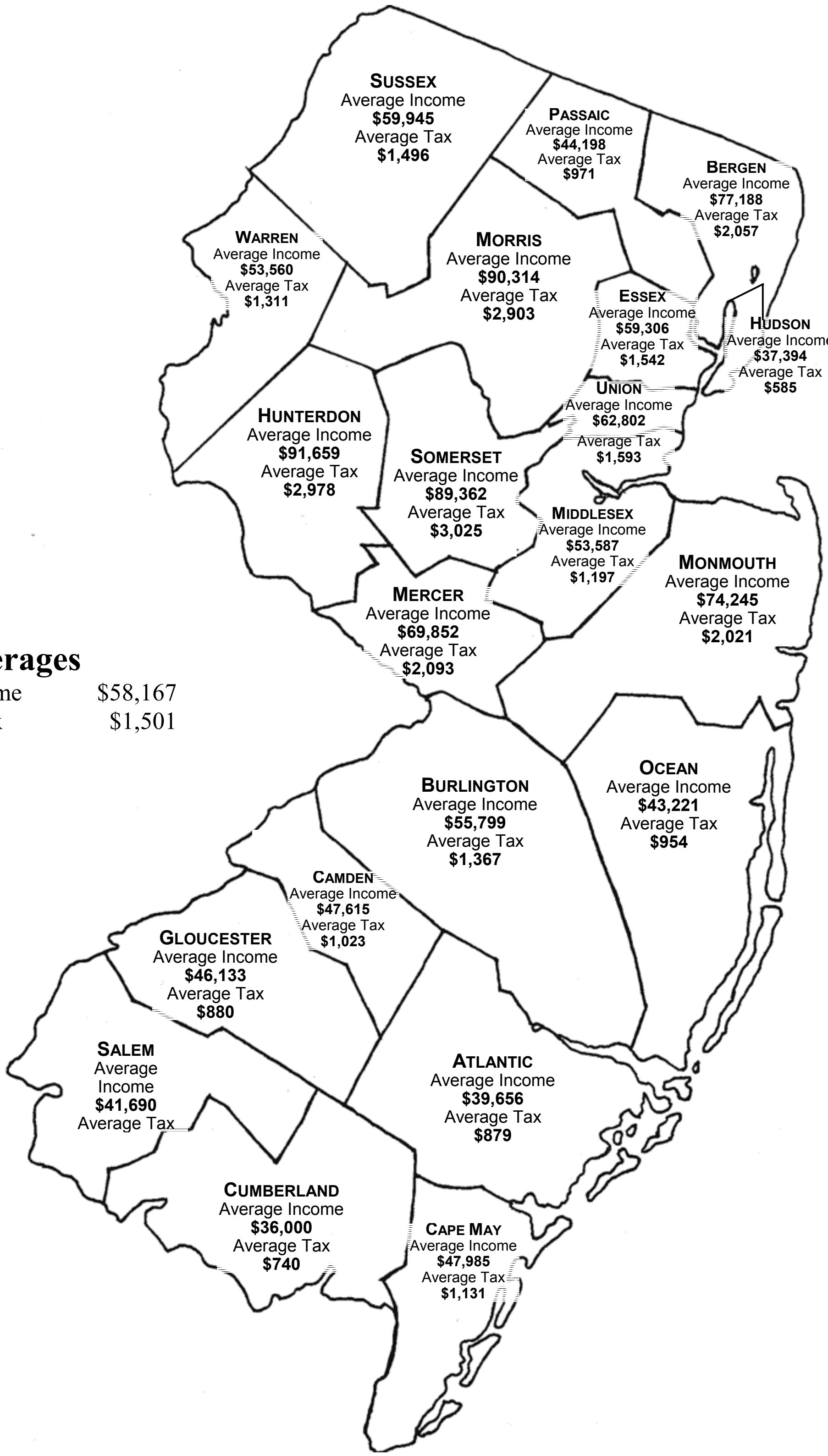
Classification	No. of Companies	PUBLIC UTILITY TAXES			TEFA	UTUA (CBT)	UTUA (S&U-EN)
		Excise Taxes	Franchise Taxes	Gross Receipts Taxes			
Sewer Companies	18	$ 370,970	$ 999,801	$ 1,927,880	NA	NA	NA
Water Companies..............	43	8,483,297	26,242,058	41,817,198	NA	NA	NA
Energy Companies............	14	NA	NA	NA	$231,778,253	$50,930,330	$294,580,690
Telephone Companies	3	NA	NA	NA	NA	29,835,255	NA
Totals	78	$8,854,267	$27,241,859	$43,745,078	$231,778,253	$80,765,585	$294,580,690

Total Net Tax Assessed..$686,965,732

Individual Income Tax Returns
County Profile 1999

County	No. of Returns	NJ Taxable Income	Net Charged Tax
Atlantic	103,015	$ 3,647,708,000	$ 90,506,000
Bergen	408,616	29,190,545,000	840,713,000
Burlington	178,653	9,076,860,000	244,215,000
Camden	209,255	8,995,091,000	214,131,000
Cape May	43,598	1,903,341,000	49,291,000
Cumberland	54,787	1,766,710,000	40,536,000
Essex	301,866	16,366,786,000	465,481,000
Gloucester	99,960	4,159,802,000	87,969,000
Hudson	227,597	7,741,896,000	133,108,000
Hunterdon	53,703	4,567,353,000	159,948,000
Mercer	144,247	9,306,792,000	301,869,000
Middlesex	312,326	15,182,455,000	373,864,000
Monmouth	268,225	18,359,898,000	542,166,000
Morris	201,012	16,903,912,000	583,479,000
Ocean	207,329	7,941,068,000	197,837,000
Passaic	208,047	8,186,148,000	201,959,000
Salem	25,805	972,017,000	20,142,000
Somerset	141,346	11,807,356,000	427,577,000
Sussex	61,074	3,305,634,000	91,354,000
Union	206,063	11,832,384,000	328,305,000
Warren	44,197	2,135,949,000	57,925,000
County Unknown	58,012	4,531,883,000	152,521,000
Totals	**3,558,733**	**$197,881,588,000**	**$5,604,896,000**

Average Gross Income and Average Income Tax By County —Tax Year 1999



Statewide Averages

Average Gross Income	$58,167
Average Income Tax	$1,501

Sales and Use Tax Collections by Business Type
Return Years 1998–2000
(Dollar Amounts in Thousands)

Business Type	Number of Vendors			Total Collections			% Change	
	1998	1999	2000	1998	1999	2000	1998-1999	1999-2000
Exempt Organizations	753	745	744	$ 1,676	$ 2,900	$ 2,917	73.1%	0.6%
Manufacturing	13,723	13,515	13,358	243,956	249,242	266,040	2.2	6.7
Service	83,829	80,902	78,502	1,366,612	1,376,679	1,425,415	0.7	3.5
Wholesale	12,021	11,757	11,535	226,061	237,995	247,860	5.3	4.1
Construction	18,952	18,238	17,831	94,568	101,622	108,286	7.5	6.6
Retail	97,022	94,392	91,813	2,643,080	2,843,402	3,019,478	7.6	6.2
Government	40	29	31	582	507	843	– 12.8	66.2
Not Classified	7,013	7,154	7,283	61,568	70,173	91,971	14.0	31.1
Totals	**233,353**	**226,732**	**221,097**	**$4,638,103**	**$4,882,520**	**$5,162,810**	**5.3%**	**5.7%**

2001 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%	8.333%	**7.5%, 9%**	7.5%, 8%	8.85%	5.1%– 8.5%	9.99%
PERSONAL INCOME	*3%– 4.5%	*2.2%– 5.95%	*2%– 4.75%	5%, 12%	***1.4%– 6.37%**	*4%– 6.85%	*2.96%– 3.83%	*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	$0.22	$0.12
Diesel	$0.18	$0.22	$0.2425	$0.21	**$0.135**	$0.08	0	$0.22	$0.12
• **Sales Tax**	6%	0.5%	0	5%	**0**	4%	4.25%	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 1/2 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	$2.50, $3.75	$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%	8.25%[2]	5%	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)	$0.50	$0.24	$0.66	$0.76	**$0.80**	$1.11	$0.64[1]	$0.24	$0.31
Other Tobacco (% of Wholesale Price)	20%	15%	15%	75%	**48%**	20%	20%	17%	0
• **Sales Tax**	6%	None	5%	5%	**6%**	4%	8.25%[1]	5%	6%

[1] New York City rate includes New York State rate.

2001 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%[1]	8.25%[2]	5%[3]	6%[4]

[1] State rate is 4%; counties and municipalities may impose additional tax up to 4% 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, 2001)

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	*2.84–5.04	6.968	5.6	0.18	0.58
Arkansas	*1–7	*1–6.5	5.125	0.195	0.315
California	*1–9.3	8.84	5.75	0.18	0.87
Colorado	4.63	4.63	2.9	0.22	0.20
Connecticut	*3–4.5[1]	7.5	6	0.25	0.50
Delaware	*2.2–5.95	8.7	None	0.23	0.24
Dist. of Columbia	*5–9	9.5	5.75	0.20	0.65
Florida	None	5.5	6	0.04	0.339
Georgia	*1–6	6	4	0.075	0.12
Hawaii	*1.4–8.25	*4.4–6.4	4	0.16	1.00
Idaho	*1.9–8.1	7.6	5	0.25	0.28
Illinois	3	4.8	6.25	0.19	0.58
Indiana	3.4	3.4	5	0.15	0.155
Iowa	*0.36–8.98	*6–12	5	0.20	0.36
Kansas	*3.5–6.45	4	4.9	0.21	0.24
Kentucky	*2–6	*4–8.25	6	0.15	0.03
Louisiana	*2–6	*4–8	4	0.20	0.24
Maine	*2–8.5	*3.5–8.93	5	0.22	1.00
Maryland	*2–4.75	7	5	0.235	0.66
Massachusetts	5, 12	8.333	5	0.21	0.76
Michigan	4.1	2.1	6	0.19	0.75
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, 2001)

State	Personal Income (%)	Corporation Net Income (Excluding Surtax) (%)	Sales (%)	Motor Fuels (Per Gallon) ($)	Cigarettes (20–Pack) ($)
Missouri	*1.5–6%	6.25%	4.225%	$0.17	$0.17
Montana	*2–11	6.75	None	0.27	0.18
Nebraska	*2.51–6.68	*5.58–7.81	5	0.245	0.34
Nevada	None	None	6.5	0.23	0.35
New Hampshire	5[2]	8.5	None	0.18	0.52
New Jersey	***1.4%–6.37**	**7.5, 9**	**6**	**0.105**	**0.80**
New Mexico	*1.7–8.2	*4.8–7.6	5	0.17	0.21
New York	*4–6.85	7.5, 8	4	0.08	1.11
North Carolina	*6–7.75	6.9	4	0.241	0.05
North Dakota	*2.67–12	*3–10.5	5	0.21	0.44
Ohio	*0.743–7.5	*5.1–8.5	5	0.22	0.24
Oklahoma	*0.5–6.65	6	4.5	0.16	0.23
Oregon	*5–9	6.6	None	0.24	0.58
Pennsylvania	2.8	9.99	6	0.12	0.31
Rhode Island	25[3]	9	7	0.28	1.00
South Carolina	*2.5–7	5	5	0.16	0.07
South Dakota	None	None	4	0.22	0.33
Tennessee	6[2]	6	6	0.20	0.13
Texas	None	4.5	6.25	0.20	0.41
Utah	*2.3–7	5	4.75	0.245	0.515
Vermont	24[3]	*7–9.75	5	0.19	0.44
Virginia	*2–5.75	6	3.5	0.175	0.025
Washington	None	None	6.5	0.23	0.825
West Virginia	*3–6.5	9	6	0.205	0.17
Wisconsin	*4.6–6.75	7.9	5	0.273	0.77
Wyoming	None	None	4	0.14	0.12
US AVERAGE	2.46%–5.65%	4.58%–6.78%	4.67%	$0.191	$0.43

*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.