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# 2009 Annual Report

State of New Jersey  
Department of the Treasury  
Division of Taxation

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June 2010

The Honorable Chris Christie  
Governor

Members of the New Jersey Legislature

Dear Governor Christie and Legislators:

I am pleased to present the *Annual Report of the Division of Taxation* for the fiscal year ended June 30, 2009.

I trust that this report will provide a useful overview of both the Division's operations and our efforts to ensure the efficient administration of New Jersey's tax laws and regulations.

All the Division's employees understand the importance of collecting each dollar of tax revenue, especially in these difficult economic times. It is only because of their dedication and creativity in leveraging limited resources to increase productivity that we are able to accomplish our goals. I am confident that the Division will continue to meet these challenges and provide the highest level of service to the taxpayers of New Jersey.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Cheryl Fulmer", written in black ink.

Cheryl Fulmer  
Acting Director

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## **Acknowledgments**

The *2009 Annual Report* was prepared by the Division of Taxation

Technical Services Activity/Information and Publications Branch

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Cover from original art by Don Byrnes

### **Special appreciation to:**

Office of Revenue and Economic Analysis,  
Regulatory Services Branch and Property Administration.

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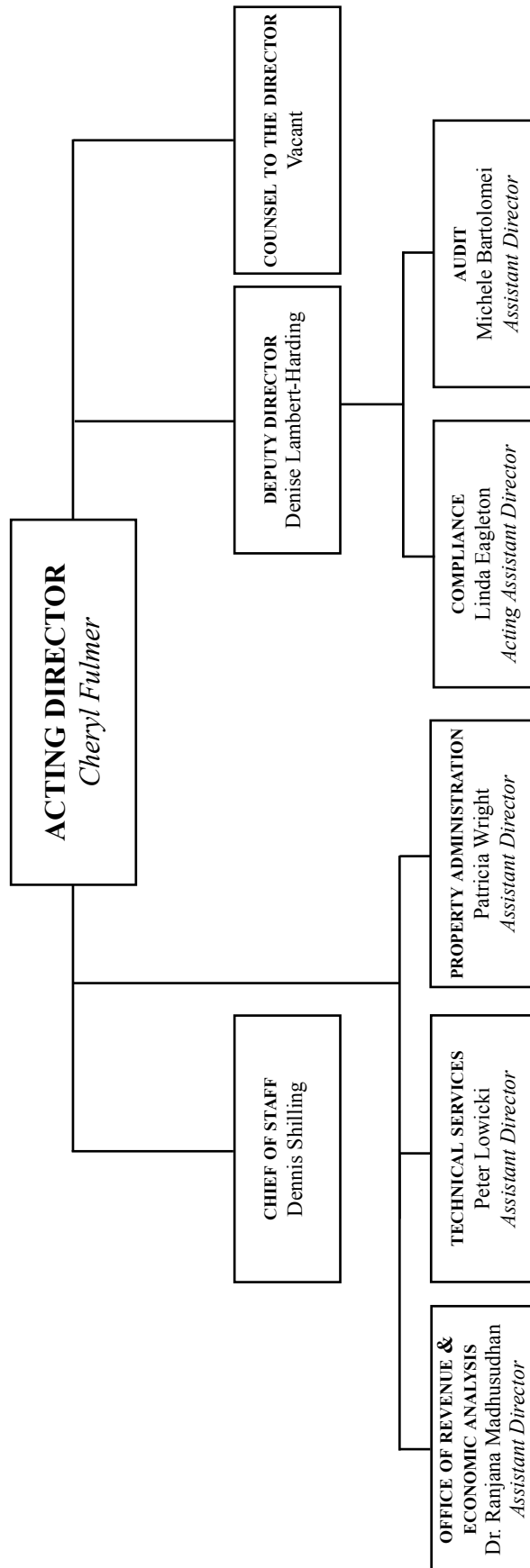
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**New Jersey Division of Taxation**

## **ORGANIZATION AND ACTIVITIES**

# DIVISION OF TAXATION ORGANIZATION

(CURRENT AS OF 6/1/10)



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# AUDIT

This Activity is responsible for ensuring tax compliance with all New Jersey tax statutes through the audit of tax returns and examination of taxpayer records and through the collection of outstanding tax liabilities. The Division's voluntary disclosure and nexus programs are also administered by Audit Activity. This Activity consists of six branches: In-State Field Audit, Out-of-State Field Audit, Office Audit, Individual Tax Audit, Audit Services, and Miscellaneous Tax.

## In-State Field Audit

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

The Branch is comprised of 20 groups strategically located throughout the State. Field Audit district offices are located in Trenton (Hamilton Township), Neptune, Camden, Northfield, and Newark.

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

## Out-of-State Field Audit

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

## Office Audit

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

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

## Individual 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 is also responsible for approving Business Employment Incentive Program (BEIP) grants, as well as pursuing delinquent resident and nonresident taxpayers both 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 both the inheritance and estate taxes. Among its responsibilities are the preparation of tax forms and instructional materials, tax compliance and collection functions, tax audits, and the issuance of assessment notices. The section also conducts meetings, conferences, assists in Court proceedings, and issues all required tax waivers.

## Audit Services

The Audit Services Branch provides audit, technical, and clerical support for every aspect of Audit Activity. In addition, the Branch administers Sales and Use Tax refunds and Urban Enterprise Zone Sales and Use Tax refunds.

This Branch is comprised of six groups. The Audit Selection Group provides other Audit Activity branches with audit candidates. The Audit Billing Group provides billing and collection support for Audit Activity. The Word Processing Group provides centralized word processing and

other clerical support for Audit Activity. The two Sales and Use Tax refund groups located in Hamilton Township, Mercer County process Sales and Use Tax and several other tax refunds. The Urban Enterprise Zone Sales and Use Tax refund group located in Newark processes UEZ refunds. These three teams are responsible for the review and issuance of all Sales and Use Tax and UEZ refund claims.

## Miscellaneous Tax

The Miscellaneous Tax Branch administers the Alcoholic Beverage Tax, Cigarette Tax, Motor Fuels Tax, Petroleum Products Gross Receipts Tax, Public Utility Excise, Franchise and Gross Receipts Taxes, Radiation Emergency Response Assessments, Sales and Use Energy Tax, Spill Compensation and Control Tax, Transitional Energy Facility Assessments, Uniform Transitional Utility Assessments, and the Wholesale Tobacco Products Tax.

The Branch is comprised of four groups. 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. The Motor Fuels Group administers the Motor Fuels Tax, Petroleum Products Gross Receipts Tax, and the Spill Compensation and Control Tax, and is responsible for licensing and bonding. The Tobacco and Alcoholic Beverage Tax Group administers the Cigarette Tax, Wholesale Tobacco Products Tax, and the Alcoholic Beverage Tax, and is responsible for maintaining pricing requirements along with audit and investigation functions. The Public Utility Tax Section administers the Public Utility Excise, Franchise and Gross Receipts Taxes, Radiation Emergency Response Assessments, Sales and Use Energy Tax, Transitional Energy Facility Assessments, and Uniform Transitional Utility Assessments, and is responsible for reviewing and auditing taxpayer reports.

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# TECHNICAL SERVICES

## Customer Services

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

**E-Mail Unit** receives and reviews hundreds of e-mails each day. The majority of these e-mails are general requests for information or assistance, which are replied to directly by unit staff. Specific requests may be forwarded to other areas for handling.

**Customer Service Center** is a state-of-the-art telephone facility which handles thousands of calls each day. Customers speak to live representatives who provide general information and answer account-specific inquiries regarding property tax rebates and most taxes administered by the Division.

**Walk-in Assistance Units** are available in each of the Division's public offices and provide in-person assistance to taxpayers regarding their account issues or other related tax matters. Tax filings and payments are accepted by these units.

**Training Unit** provides instruction to personnel across the Division regarding technical tax topics, employee development, and desktop software applications.

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

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

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

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

**NJ TaxFax** allows fax machine users to order tax forms and informational publications.

## 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 programs administered by the Division; and provides general technical information via the Web site.

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

**Property Tax Relief Programs Unit** resolves problems related to the State's Homestead 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. The unit reviews pending homestead rebate and property tax reimbursement applications, adjusts accounts, and approves payments for eligible applicants. The unit contacts homeowners to obtain information that was missing from the original applications, and resolves account errors and omissions based on the documentation provided.

**Rebate Eligibility Unit** evaluates the eligibility of selected homestead rebate applications, reviews pending applications, and resolves problems related to the State's Homestead Rebate Program. The unit responds to correspondence; contacts tenants, homeowners, and municipal tax offices to obtain missing information or to verify eligibility; and adjusts accounts and approves payments for eligible applicants. The unit also processes returned homestead rebate and property tax reimbursement checks.

## Taxpayer Accounting

The Taxpayer Accounting Branch provides assistance to taxpayers by resolving discrepancies with their accounts. In some cases, this consists of reviewing tax returns to verify the correctness of processing before issuing a refund or bill. In other cases, this means reviewing correspondence submitted by taxpayers who disagree with the processing of their returns. The Branch also oversees the Electronic Filing Mandate Program for tax practitioners

and provides speakers to interested groups on tax-related matters.

**Correspondence and Review Units** review tax returns and correspondence to correct errors in processing. The units adjust accounts and issue refunds or bills along with letters explaining the nature of any adjustments.

**Income Tax Fraud Detection Unit** reviews tax returns that may have been filed fraudulently. The unit issues letters requesting documentation and adjusts accounts. The unit works closely with the Division's Office of Criminal Investigation and often refers accounts to that office for additional action.

**Outreach & E-File Mandate Team** 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. The team also assists tax practitioners who are subject to the Electronic Filing Mandate.

**Walk-In Assistance** is available in the Division's main office and provides in-person assistance to taxpayers regarding their account issues or other related tax matters. Tax filings and payments are accepted.

## 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:

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

**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. This section works closely with the Attorney General's Office to represent the State's interests in Bankruptcy Court proceedings.

**Bulk Sales.** This section is responsible for examining the tax records of each business, except those holding a New Jersey Retail Liquor License, that disposes of its assets either by sale, transfer, or assignment, other than in the normal course of business. A Tax Clearance Certificate is issued when all conditions are satisfied.

**Judgments.** This 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.

### Compliance Services

The Compliance Services Branch provides services for the taxpaying public and for other sections of the Division of Taxation, and works with other State agencies such as the Motor Vehicle Commission and the Lottery Commission.

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

**Delinquency Section** issues delinquency notices when taxpayers fail to file required tax returns when due, and secures delinquent returns and payments. The program covers most taxes administered by the Division.

**Deferred Payment Section** provides a method for taxpayers to pay deficient taxes under a formal payment plan and monitors active payment plans to ensure compliance. Recent enhancements provide more sophisticated monitoring of payment plans and allow taxpayers to make payments using electronic funds transfer.

**Casual Sales Section** verifies and collects the appropriate Sales and Use Tax on purchases of motor vehicles, boats, and aircraft. Purchases by nonresident taxpayers are also examined and taxpayers are notified when there is a discrepancy between the amount of Sales and Use Tax due and the amount paid.

**Set-Off Programs.** The Compliance Services Branch administers or participates in four set-off programs: **Vendor Set-Off**, that holds payments due to State vendors and applies the payments toward deficient taxes; **SOIL**, Set-Off of Individual Liability, that withholds gross income tax refunds and property tax rebates from taxpayers who have outstanding tax debts; **FOIL**, Federal Offset of Individual Liabilities, that withholds Federal income tax refunds and applies them against State tax liabilities; and **TOP**, Treasury Offset Program, that withholds Federal payments due to businesses and applies the payments toward State tax deficiencies.

**CATCH**, Citizens Against Tax CHeats [*sic*]. This unit receives and reviews reports of possible noncompliance and refers them to the appropriate Division branch or State agency for evaluation and action.

**Contract Liaison Unit.** This unit provides quality assurance, administrative, and technical support in connection with publicly awarded contracts between the Division and private collection companies that pursue delinquent and deficient taxes for the Division.

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

### Field Investigations

The Field Investigations Branch performs the tax collection and enforcement work for the Division. Field Investigators are assigned to seven field offices around the State.

**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.

**Out-of-State Businesses.** Investigators work with the New Jersey State Police, the Motor Vehicle Commission, and local law enforcement agencies at weigh stations and other inspection sites to check out-of-State commercial vehicles. Investigators also visit locations such as construction sites and warehouses to identify nonregistered or noncompliant out-of-State vendors. When necessary, investigators utilize the authority granted in N.J.S.A. 54:49-5 and N.J.S.A. 54:49-7 to make a jeopardy assessment and demand immediate payment. Failure to satisfy the jeopardy assessment may result in immediate seizure of available assets.

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

**Municipal Court Program** prosecutes some tax violations as disorderly persons (quasi-criminal) offenses in the Trenton Municipal Court. The program focuses on chronic offenders who fail to file and/or pay sales tax or income tax, but the failure to register or to have proper licenses are also grounds for prosecution. A guilty finding or plea will result in an order to make restitution, the assessment of court fines and costs, and a term of probation or jail time.

**Tax Enforcement** involves personal contact with businesses and individuals to secure delinquent tax returns, collect outstanding taxes, and enforce registration and licensing requirements. If necessary to protect the State's interest, a Certificate of Debt, which is an administrative judgment, is filed with the New Jersey Superior Court, followed by the issuance of a Warrant of Execution to collect the tax debt. Before assets are seized, the taxpayer is given a final warning and encouraged to make payment arrangements. Thereafter, the personal and business assets of the noncompliant tax debtor are subject to seizure and sale at public auction.

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## PROPERTY ADMINISTRATION

Property Administration consists of two branches: Policy & Planning and Valuation & Mapping. The activities of the Local Property Branches concern real and certain personal property.

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

### Local Property

#### *Policy and Planning*

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

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

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

*Local Assessor Compliance Unit* audits municipalities which are reimbursed by the State for granting qualified \$250 senior citizens' and \$250 veterans' annual property tax deductions and assists with the State administration of

municipal property tax deduction reimbursements; conducts investigations of cooperative and continuing care ownerships for homeowner's rebate updates; conducts periodic inspections of tax assessors' offices for compliance with statutory responsibilities.

### ***Valuation and Mapping***

*Field Assistance Unit* provides direct assistance in solving problems to 566 municipal tax assessors' offices and 21 county tax boards; investigates SR-1As for sales ratio purposes; gathers and verifies data for the Table of Equalized Valuations; in cooperation with the Deputy Attorney General assigned to Division of Taxation defends the Table of Equalized Valuations on appeal.

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

*Equalization Unit* reviews and corrects county equalization and county abstract of ratables for 21 counties; prepares the State Abstract of Ratables and annual State Equalization Table and answers all equalization questions; investigates SR-1As for sales ratio purposes and assists assessors in these duties; performs investigations on sales ratio methodologies and appraises real property; develops and maintains the County Boards of Taxation Handbook.

*Tax Maps & Railroad Property Unit* reviews and approves municipal tax maps for conformance to current specifications and as required for municipal revaluations or formal certification; 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.

*Appraisal Unit* appraises real property to assist the Transfer Inheritance Tax Bureau with appraisals for inheritance tax purposes; maintains the Real Property Appraisal Manual for New Jersey Assessors; conducts special appraisal studies and investigations as required to meet unusual or unique circumstances, such as valuation of cell towers; collects, reviews, and maintains employment information that pertains to municipal tax assessors, such as tenure and term of office.

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

## CHIEF OF STAFF

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

### Management Services

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

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

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

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

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

### Internal Security Unit

The Internal Security Unit handles confidential and sensitive matters, including internal investigations, background investigations of prospective employees, and acts of threats, harassment, or intimidation made by persons attempting to impede the functions of the Division. The unit

also provides training for new employees on confidentiality laws, rules and policies, and bribery awareness issues.

### Data Systems

Data Systems provides the Division with the technological assistance required to administer the tax laws of New Jersey. These services include the development and management of the Division's tax systems and the design and procurement of tax forms and applications. Data Systems coordinates their efforts with the Office of Information Technology (OIT) in order to ensure that the operational needs of the Division are met. The Branch provides technical assistance to Division personnel, aids in problem resolution with respect to the various systems, and also acts as liaison for the Division with other State, Federal, and local agencies as required.

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

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

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

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

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

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## OFFICE OF REVENUE AND ECONOMIC ANALYSIS

The Office of Revenue and Economic Analysis (OREA) is responsible for providing revenue estimates of 12 major revenue sources, which account for over four-fifths of the State Budget, and analyzing alternative revenue options. OREA monitors New Jersey and national economic trends, generates fiscal impact estimates of proposed legislation, evaluates tax policy initiatives, conducts revenue analysis, and prepares economic and revenue outlook reports for: the Governor's Budget message, the State Treasurer's testimony at Budget hearings, and rating agency presentations. OREA provides analytical support to the Division Director for various tax study commission reports.

OREA publishes on the Division of Taxation's Web site the Annual New Jersey Statistics of Income from Gross Income Tax Data and assists with the production of the Division's Annual Report, particularly updating sections on revenue sources administered by the Division and new laws, and generates Annual Report tables. The Office tracks changes in Federal legislation and monitors interstate developments in fiscal policy.

The Office also coordinates monitoring of revenue collections with the Division of Revenue and the Office of Management and Budget. OREA acts as the primary research hub on fiscal policy issues and coordinates both intra- and inter-agency research initiatives.

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## OFFICE OF COUNSEL SERVICES

### Conference and Appeals

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

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

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

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

### Office of Legislative Analysis

The Office of Legislative Analysis (OLA) is responsible for reviewing all tax bills introduced in the legislature. It evaluates the potential administrative, fiscal, and policy

implications of proposals which are scheduled or likely to be scheduled for legislative action; proposes amendments to ensure that a bill can be effectively implemented; prepares bill comments and fiscal notes; and recommends positions to be taken by the State Treasurer.

In addition, OLA monitors legislative activity, tracking committee and house action on each bill as it proceeds through the legislature. OLA works closely with the Treasurer's Office and, when a bill is enacted into law, it often initiates and participates in the implementation process.

Beginning in 2010, OLA assumed the duties of Executive Secretary for the Sales and Use Tax Review Commission. The Secretary is responsible for providing administrative support to the Commission, whose statutory charge is the review of proposed legislation that would either expand or contract the base of the New Jersey Sales and Use Tax Act; scheduling and holding Commission meetings; and issuing an annual report for the Commission. The unit also coordinated the release of the first State Tax Expenditure Report.

### Regulatory Services

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

The Branch is charged with the responsibility of coordinating the processing of all Division rules and notices. The Administrative Practice Officer within the Branch maintains contact with the Office of Administrative Law in order to oversee the promulgation of Division rules and their official publication in the *New Jersey Register*.

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

## **Data Warehouse**

The Taxation Data Warehouse (TDW) utilizes data from various Federal and State agencies to develop Defined Business Intelligence Applications (DBIA) which identify both nonfiler and underreporting taxpayers. Once the DBIA is created, TDW mails notices of liability to taxpayers, works closely with staff from Audit, Compliance and Technical Services to realize collections, and processes payments.

TDW has accomplished multiple objectives of the Division of Taxation including revenue enhancement, operating cost reductions, improved data integrity and validation, standardization of analytical processes, and greater flexibility in the use of multiple data sources. In addition, TDW implemented a Business Objects reporting and analytical tool that allows users to access data to assist in the completion of their unit's goals.

## **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 state and Federal agencies. Disclosure works with the Internal Revenue Service, New Jersey State Police, Division of Criminal Justice, Division of Gaming Enforcement, and other states through their departments of revenue/taxation. Through this activity the Division of Taxation, as well as other taxing agencies throughout the United States, has been able to locate and identify tax evaders who cross state lines.

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

## **Office of Criminal Investigation (OCI)**

The Office of Criminal Investigation (OCI) is responsible for the investigation of alleged criminal violations of the State tax code. OCI works closely with prosecutors and investigators at all government levels. Liaison activities are encouraged, and joint investigations are conducted in cases dealing with economic and financial crimes that have tax compliance consequences. Based on the findings of the investigation, recommendations for criminal prosecution are made to the State Attorney General's Office or to county prosecutors' offices.

OCI is comprised of two groups. The Special Investigations Unit is comprised of investigators and special agents who detect and investigate violations of various New Jersey tax laws with its focus directed toward the violation of the Cigarette Tax and Motor Fuels Tax laws.

The Financial Investigations Unit is staffed by auditors who investigate criminal violations involving Sales and Use Tax, Gross Income Tax, Corporation Business Tax, and other State tax laws.

**New Jersey Division of Taxation**

## **TAXES AND PROGRAMS ADMINISTERED**

**Table 1—Major State Revenue Collections (Net) Fiscal Years 2007–2009**

| Revenue Source                                          | 2009 <sup>1</sup>       | % of<br>Total | 2008                    | % of<br>Total | 2007                    | % of<br>Total | % Change<br>2008–09 |
|---------------------------------------------------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|---------------------|
| <b>Collected by the Division:</b>                       |                         |               |                         |               |                         |               |                     |
| Alcoholic Beverage Tax (total revenue)                  | \$ 105,487,892          | 0.4%          | \$ 104,101,187          | 0.3%          | \$ 103,293,428          | 0.4%          | 1.3%                |
| Casino Parking Fee <sup>2</sup>                         | 27,237,285              | 0.1           | 29,297,321              | 0.1           | 31,260,801              | 0.1           | -7.0                |
| Cigarette Tax (total revenue)                           | 731,410,043             | 2.7           | 774,991,458             | 2.5           | 770,582,903             | 2.6           | -5.6                |
| Corporation Taxes:                                      |                         |               |                         |               |                         |               |                     |
| Corporation Business <sup>3</sup>                       | 2,665,161,794           | 9.9           | 3,062,378,874           | 10.1          | 3,084,921,689           | 10.5          | -13.0               |
| CBT Banks & Financials                                  | 144,741,199             | 0.5           | 70,850,577              | 0.2           | 123,007,092             | 0.4           | 104.3               |
| Cosmetic Medical Procedures Tax                         | 9,816,088               | 0.0           | 11,296,929              | 0.0           | 11,193,248              | 0.0           | -13.1               |
| Domestic Security Fee                                   | 29,987,345              | 0.1           | 22,634,186              | 0.1           | 19,894,978              | 0.1           | 32.5                |
| Environmental Taxes:                                    |                         |               |                         |               |                         |               |                     |
| Landfill Closure and Contingency                        | 1,702,010               | 0.0           | 1,816,196               | 0.0           | 1,966,893               | 0.0           | -6.3                |
| Litter Control                                          | 18,725,410              | 0.1           | 16,771,223              | 0.1           | 17,434,945              | 0.1           | 11.7                |
| Public Community Water Systems                          | 3,274,187               | 0.0           | 3,367,684               | 0.0           | 2,992,211               | 0.0           | -2.8                |
| Recycling Tax <sup>4</sup>                              | 23,261,186              | 0.1           | —                       | —             | —                       | —             | NA                  |
| Solid Waste Services <sup>5</sup>                       | 0                       | 0.0           | 3,734,518               | 0.0           | 6,025,242               | 0.0           | -100.0              |
| Spill Compensation                                      | 23,837,238              | 0.1           | 24,533,624              | 0.1           | 23,241,978              | 0.1           | -2.8                |
| Fur Clothing Retail Gross Receipts/Use Tax <sup>6</sup> | 825,954                 | 0.0           | 1,640,017               | 0.0           | 1,858,940               | 0.0           | -49.6               |
| Gross Income Tax                                        | 10,476,267,266          | 38.7          | 12,605,545,164          | 41.4          | 11,727,192,312          | 40.0          | -16.9               |
| Hotel/Motel Occupancy Fee/Tax                           | 74,261,839              | 0.3           | 86,285,708              | 0.3           | 84,194,930              | 0.3           | -13.9               |
| Insurance Premiums Tax                                  | 456,810,226             | 1.7           | 542,920,068             | 1.8           | 478,699,795             | 1.6           | -15.9               |
| Medical Malpractice Fund Assessments <sup>7</sup>       | 0                       | 0.0           | 19,883                  | 0.0           | 1,989,275               | 0.0           | -100.0              |
| Miscellaneous Revenues                                  | 28,836,070              | 0.1           | 0                       | 0.0           | 0                       | 0.0           | NA                  |
| Mobile Telecommunications (9-1-1) Fee                   | 130,635,997             | 0.5           | 130,245,001             | 0.4           | 128,860,813             | 0.4           | 0.3                 |
| Motor Fuels Tax                                         | 538,166,711             | 2.0           | 563,266,276             | 1.8           | 561,518,893             | 1.9           | -4.5                |
| Motor Vehicle Tire Fee                                  | 8,327,744               | 0.0           | 9,637,313               | 0.0           | 9,817,331               | 0.0           | -13.6               |
| Nursing Home Provider Assessment (tot. rev.)            | 129,360,736             | 0.5           | 135,065,102             | 0.4           | 134,227,449             | 0.5           | -4.2                |
| Petroleum Products Tax                                  | 222,513,056             | 0.8           | 230,666,835             | 0.8           | 232,441,546             | 0.8           | -3.5                |
| Public Utility Excise Tax                               | 12,255,206              | 0.0           | 12,233,800              | 0.0           | 10,751,530              | 0.0           | 0.2                 |
| Railroad Franchise Tax                                  | 6,277,198               | 0.0           | 1,475,858               | 0.0           | 1,498,008               | 0.0           | 325.3               |
| Railroad Property Tax                                   | 33,009,561              | 0.1           | 2,998,642               | 0.0           | 4,297,470               | 0.0           | 1000.8              |
| Sales Taxes:                                            |                         |               |                         |               |                         |               |                     |
| Sales and Use <sup>3</sup>                              | 8,264,162,457           | 30.6          | 8,915,515,422           | 29.3          | 8,609,639,460           | 29.4          | -7.3                |
| Atlantic City Lux & Promo (Loc. Use)                    | 27,242,018              | 0.1           | 27,351,847              | 0.1           | 28,346,333              | 0.1           | -0.4                |
| Tobacco Products Wholesale                              | 16,367,295              | 0.1           | 14,360,266              | 0.0           | 13,745,927              | 0.0           | 14.0                |
| Cape May County Tourism (Loc. Use)                      | 5,169,150               | 0.0           | 5,914,020               | 0.0           | 4,866,722               | 0.0           | -12.6               |
| Savings Institution Tax <sup>8</sup>                    | 125                     | 0.0           | 68,234                  | 0.0           | 358                     | 0.0           | -99.8               |
| Transfer Inheritance and Estate Taxes                   | 653,439,759             | 2.4           | 698,694,013             | 2.3           | 604,700,439             | 2.1           | -6.5                |
| <b>Revenue Collected by the Division</b>                | <b>\$24,868,570,045</b> | <b>92.0%</b>  | <b>\$28,109,677,246</b> | <b>92.3%</b>  | <b>\$26,834,462,939</b> | <b>91.6%</b>  | <b>-11.5%</b>       |
| <b>Collected Outside the Division:</b>                  |                         |               |                         |               |                         |               |                     |
| State Athletic Control Board (tot. rev.)                | \$ 542,409              | 0.0%          | \$ 1,312,623            | 0.0%          | \$ 594,597              | 0.0%          | -58.7%              |
| Casino Revenue <sup>9</sup>                             | 351,039,029             | 1.3           | 412,986,637             | 1.4           | 450,115,070             | 1.5           | -15.0               |
| Casino Control                                          | 64,467,684              | 0.2           | 72,972,975              | 0.2           | 75,645,709              | 0.3           | -11.7               |
| Lottery                                                 | 887,208,916             | 3.3           | 882,058,235             | 2.9           | 828,326,155             | 2.8           | 0.6                 |
| Motor Vehicle Fees (total revenue)                      | 548,451,280             | 2.0           | 469,743,354             | 1.5           | 488,109,457             | 1.7           | 16.8                |
| Outdoor Advertising (total revenue) <sup>10</sup>       | 1,747,306               | 0.0           | 2,229,423               | 0.0           | 5,710,840               | 0.0           | -21.6               |
| Realty Transfer (total revenue)                         | 316,129,519             | 1.2           | 517,404,936             | 1.7           | 615,374,934             | 2.1           | -38.9               |
| <b>Revenue Collected Outside the Division</b>           | <b>\$ 2,169,586,143</b> | <b>8.0%</b>   | <b>\$ 2,358,708,183</b> | <b>7.7%</b>   | <b>\$ 2,463,876,762</b> | <b>8.4%</b>   | <b>-8.0%</b>        |
| <b>Total Major State Revenue Collections</b>            | <b>\$27,038,156,188</b> | <b>100.0%</b> | <b>\$30,468,385,429</b> | <b>100.0%</b> | <b>\$29,298,339,701</b> | <b>100.0%</b> | <b>-11.3%</b>       |

<sup>1</sup> The 2009 figures are subject to adjustment.<sup>2</sup> 16.7% of the Casino Parking Fee was deposited into the Casino Revenue Fund for Fiscal Years 2007 – 2009 (P.L. 2003, C. 116).<sup>3</sup> Includes the on-budget amount of energy tax for sales tax and CBT.<sup>4</sup> Imposed effective April 1, 2008. Replaces the Solid Waste Services Tax.<sup>5</sup> Repealed effective February 1, 2008.<sup>6</sup> Imposed effective July 15, 2006. Repealed effective January 1, 2009.<sup>7</sup> Figure includes only Attorney Fee collections. Expired after calendar year 2006.<sup>8</sup> Repealed for privilege periods/taxable years beginning after 2001; entries reflect prior-year adjustments.<sup>9</sup> Figure includes Atlantic City Casino Taxes and Fees, including 16.7% of the Casino Parking Fee for Fiscal Years 2007 – 2009.<sup>10</sup> Rate reduced from 6% to 4% on July 1, 2006. No fee imposed as of July 1, 2007.

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

**Totals may not add due to independent rounding.**

## Statutory Responsibilities

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

| Tax                                                            | N.J.S.A. Citation                                                                                      | Tax                                                                                         | N.J.S.A. Citation                                                                                                               |                        |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Alcoholic Beverage Tax.....                                    | 54:41-1 <i>et seq.</i>                                                                                 | Motor Vehicle Tire Fee .....                                                                | 54:32F-1 <i>et seq.</i>                                                                                                         |                        |
| Atlantic City Casino<br>Taxes and Fees .....                   | 5:12-148.1 to 5:12-148.3<br>5:12-148.8<br>5:12-173.2                                                   | 9-1-1 System and Emergency<br>Response Assessment.....                                      | 52:17C-17 <i>et seq.</i>                                                                                                        |                        |
| Atlantic City Luxury Sales Tax.....                            | 40:48-8-15 <i>et seq.</i><br>54:32B-24.1 <i>et seq.</i>                                                | Nursing Home Assessment .....                                                               | 26:2H-92 <i>et seq.</i>                                                                                                         |                        |
| Atlantic City Tourism<br>Promotion Fee .....                   | 40:48-8.45 <i>et seq.</i>                                                                              | Outdoor Advertising Fee.....                                                                | 54:4-11.1 <i>et seq.</i>                                                                                                        |                        |
| Cape May County Tourism Sales Tax.....                         | 40:54D-1 to 10                                                                                         | Petroleum Products Gross<br>Receipts Tax.....                                               | 54:15B-1 <i>et seq.</i>                                                                                                         |                        |
| Cigarette Tax .....                                            | 54:40A-1 <i>et seq.</i><br>56:7-18 <i>et seq.</i>                                                      | Property Tax Relief Programs.....                                                           | 54:4-8.67 <i>et seq.</i><br>Homestead Rebate..... 54:4-8.57 <i>et seq.</i><br>NJ SAVER Rebate..... 54:4-8.58a and<br>54:4-8.58b |                        |
| Corporation Business (Net Income<br>and Net Worth) Tax .....   | 54:10A-1 <i>et seq.</i><br>CBT Banking Corporation .....                                               | Property Tax Reimbursement.....                                                             | 54:4-8.67 <i>et seq.</i>                                                                                                        |                        |
| CBT Financial Corporation .....                                | 54:10A-1 <i>et seq.</i>                                                                                | Public Community Water<br>System Tax.....                                                   | 58:12A-1 <i>et seq.</i>                                                                                                         |                        |
| Cosmetic Medical Procedures<br>Gross Receipts Tax.....         | 54:32E-1 <i>et seq.</i>                                                                                | Public Utility Taxes:<br>Public Utility Excise, Franchise, and<br>Gross Receipts Taxes..... | 54:30A-49 <i>et seq.</i>                                                                                                        |                        |
| Domestic Security Fee.....                                     | App.A:9-78                                                                                             | Railroad Franchise Tax.....                                                                 | 54:29A-1 <i>et seq.</i>                                                                                                         |                        |
| Fur Clothing Retail Gross Receipts Tax<br>and Use Tax.....     | 54:32G-1 <i>et seq.</i>                                                                                | Railroad Property Tax.....                                                                  | 54:29A-1 <i>et seq.</i>                                                                                                         |                        |
| Gross Income Tax .....                                         | 54A:1-1 <i>et seq.</i>                                                                                 | Realty Transfer Fee .....                                                                   | 46:15-5 <i>et seq.</i>                                                                                                          |                        |
| Hotel/Motel Occupancy Fee and<br>Municipal Occupancy Tax ..... | 54:32D-1 <i>et seq.</i>                                                                                | Recycling Tax .....                                                                         | 13:1E-96 <i>et seq.</i>                                                                                                         |                        |
| Insurance Premiums Tax.....                                    | 54:16-1 <i>et seq.</i><br>54:16A-1 <i>et seq.</i><br>54:17-4 <i>et seq.</i><br>54:18A-1 <i>et seq.</i> | Sales and Use Tax .....                                                                     | 54:32B-1 <i>et seq.</i>                                                                                                         |                        |
| Landfill Closure and<br>Contingency Tax .....                  | 13:1E-100 <i>et seq.</i>                                                                               | Savings Institution Tax.....                                                                | 54:10D-1 <i>et seq.</i>                                                                                                         |                        |
| Litter Control Fee.....                                        | 13:1E-213 <i>et seq.</i>                                                                               | Solid Waste Services Tax .....                                                              | 13:1E-1 <i>et seq.</i>                                                                                                          |                        |
| Local Property Tax.....                                        | 54:4-1 <i>et seq.</i>                                                                                  | Spill Compensation And<br>Control Tax .....                                                 | 58:10-23.11 <i>et seq.</i>                                                                                                      |                        |
| Medical Malpractice Fund Assessments.....                      | 17:30D-29                                                                                              | Tobacco Products Wholesale<br>Sales and Use Tax .....                                       | 54:40B-1 to 14                                                                                                                  |                        |
| Motor Fuels Tax .....                                          | 54:32F-1 <i>et seq.</i>                                                                                | Transfer Inheritance and Estate Taxes:<br>Transfer Inheritance.....                         | 54:33-1 <i>et seq.</i><br>Estate .....                                                                                          | 54:38-1 <i>et seq.</i> |
|                                                                |                                                                                                        | Transitional Energy Facility<br>Assessment.....                                             | 54:30A-100 <i>et seq.</i>                                                                                                       |                        |
|                                                                |                                                                                                        | Uniform Transitional Utility<br>Assessment.....                                             | 54:30A-114 <i>et seq.</i>                                                                                                       |                        |

## Alcoholic Beverage Tax

### Description

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

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

### Rate

| <i>Type of Beverage</i>                    | <i>Rate per Gallon</i> |
|--------------------------------------------|------------------------|
| Beer .....                                 | \$0.12                 |
| Liquor .....                               | \$4.40                 |
| Still Wine, Vermouth, Sparkling Wine ..... | \$0.70                 |
| Hard Apple Ciders:                         |                        |
| 3.2% – 7% alcohol by volume .....          | \$0.12                 |
| Over 7% alcohol by volume .....            | \$0.70                 |

### Disposition of Revenues

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

## Atlantic City Casino Taxes and Fees

### Description

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

P.L. 2004, C. 128, enacted August 30, 2004, provides for the gradual phase-out of the tax on the above casino “complimentaries” until the tax expires on June 30, 2009. It also transfers from the Division of Taxation to the Casino Control Commission the responsibility for administering the Casino Complimentaries Tax, the Casino

Adjusted Net Income Tax, the Multi-Casino Slot Machine Tax, the Casino Parking Fee, and the \$3 Casino Hotel Occupancy Fee. The Division of Taxation will not be collecting these taxes and fees effective September 2004.

### Rate

Taxes and fees are assessed at the following rates:

- 4.25% on the value of rooms, food, beverages, or entertainment given away for free or at a reduced price as a “complimentary.”
- 8.0% on multi-casino progressive slot machine revenue.
- 7.5% on the adjusted net income of casino licensees.
- \$3-per-day fee on each hotel room occupied by a guest in a casino hotel.
- \$3-per-day minimum casino hotel parking charge.

### Disposition of Revenues

All revenues from the taxes and fees are deposited into the Casino Revenue Fund with the exception of the Casino Parking Fee, which is collected and held in a special fund by the State Treasurer. The funds are 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 sold by the drink and 9% on other taxable sales. The State sales tax rate is reduced to the extent that the city rate exceeds 6%, and the maximum combined Atlantic City rate and New Jersey rate (excluding the State occupancy fee) may not exceed 13%.

### **Disposition of Revenues**

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

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## **Atlantic City Tourism Promotion Fee**

### **Description**

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

### **Rate**

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

### **Disposition of Revenues**

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

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## **Cape May County Tourism Sales Tax**

### **Description**

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

Tourism-related sales include the following items (if also taxable under the Sales and Use Tax Act): room rental in hotels, motels, or boarding houses; food and drink sold by restaurants, taverns, and other similar establishments, or by caterers (but not including vending machine sales); and admission charges to amusements (amusement rides, movie theaters, sporting, drama, or musical events) and cover charges in nightclubs and cabarets.

### **Rate**

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

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

### **Disposition of Revenues**

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

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## **Cigarette Tax**

### **Description**

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

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

### **Rate**

The tax rate is \$2.575 per pack of 20 cigarettes effective July 15, 2006.

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

### Disposition of Revenues

Revenues are deposited in the State Treasury for general State use. Pursuant to P.L. 2006, C. 37, initial collections of \$365 million are deposited in the Health Care Subsidy Fund.

## Corporation Business Tax

### Description

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

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

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

Exempt from the tax are certain agricultural cooperative associations; Federal corporations which are exempt from state taxation; corporations created under the limited-dividend housing corporation law; nonprofit cemetery corporations; nonprofit corporations without capital stock;

nonstock mutual housing corporations; railroad and canal corporations; sewerage and water corporations; insurance companies subject to premiums tax; and certain municipal electric corporations.

### Rate

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

For calendar years beginning in 2006 and thereafter, the minimum tax is based on New Jersey gross receipts as defined in the Business Tax Reform Act (P.L. 2002, C. 40) as follows:

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

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

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

For privilege periods ending on or after July 1, 2006, but before July 1, 2009, each taxpayer shall be assessed and must pay a surtax equal to 4% of the amount of tax liability remaining after applying credits against liability, other than credits for installment payments, estimated payments made with a request for extension to file a return, or overpayments from a prior privilege period.

### Disposition of Revenues

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

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

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

## History

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

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

Effective January 1, 1946 (C. 162, P.L. 1945), the tax became a net worth tax applicable to both domestic and foreign corporations and measured by net worth allocated to New Jersey. Allocation was measured by the greater of an assets factor or a three-part business factor (property, sales, and payroll).

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

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

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

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

Net Income Tax rates have changed as follows:

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

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

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

A new jobs investment tax credit, enacted in 1993 (C. 170), allows corporations to take a credit against Corporation Business Tax and property taxes for qualified investments in new or expanded business facilities resulting in new jobs in the State. The credit against Corporation Business Tax is for up to 50% of the portion of the tax that results from investment in new or expanded facilities. The credit was extended to midsize businesses by P.L. 2002, C. 40. P.L. 1993, Chapter 171, allows for a credit against Corporation Business Tax for investment in qualified equipment. The credit is 2% of the cost of qualified machinery purchased (the investment credit base). Taxpayers taking the 2% equipment credit may also take an employment credit of \$1,000 per new employee (up to a maximum of 3% of the investment credit base). A small business benefit was added by P.L. 2004, C. 65. Chapter 175, P.L. 1993, allows for a credit for increased research activities.

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

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

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

Other credits against Corporate Business Tax liability have also been enacted for effluent equipment (P.L. 2001, C. 321), neighborhood revitalization (P.L. 2001, C. 415), HMO credit (P.L. 2000, C. 12), the economic recovery tax credit (P.L. 2002, C. 43), and the remediation tax credit (P.L. 2003, C. 296).

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

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

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

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

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

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

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

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

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

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

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

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

P.L. 2006, C. 38, imposes a 4% surcharge on the Corporation Business Tax liability and increases the minimum tax.

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

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

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

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

### **Installment Payments of Estimated Tax**

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

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

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

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

### **Partnerships**

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

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

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

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

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

### Banking and Financial Corporations

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

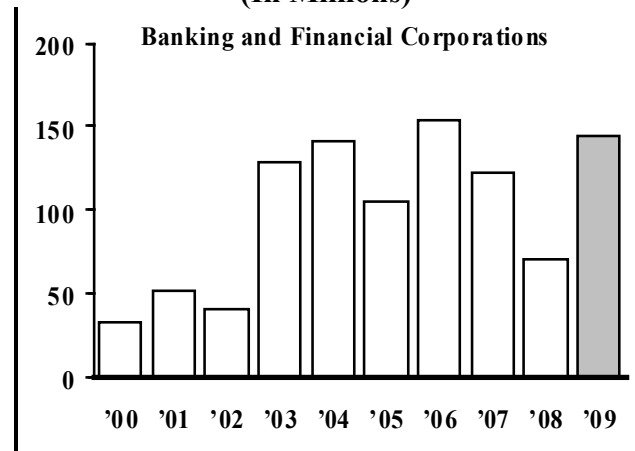
Chapter 170, P.L. 1975, provides that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes shall be the greater of (1) the amount which such banking corporation paid in calendar year 1975 as Bank Stock Tax, or (2) a sum equal to total of taxes paid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

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

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

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

### Corporation Business Tax Collections (In Millions)



| Fiscal Year | Collections        |
|-------------|--------------------|
| 2000        | \$ 33,483,692      |
| 2001        | 51,971,516         |
| 2002        | 41,649,356         |
| 2003        | 128,451,019        |
| 2004        | 141,432,025        |
| 2005        | 105,380,894        |
| 2006        | 153,839,428        |
| 2007        | 123,007,092        |
| 2008        | 70,850,577         |
| <b>2009</b> | <b>144,741,199</b> |

### Investment Companies

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

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

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

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

## Deferred Predissolution Payment

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

## Allocation Factor

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

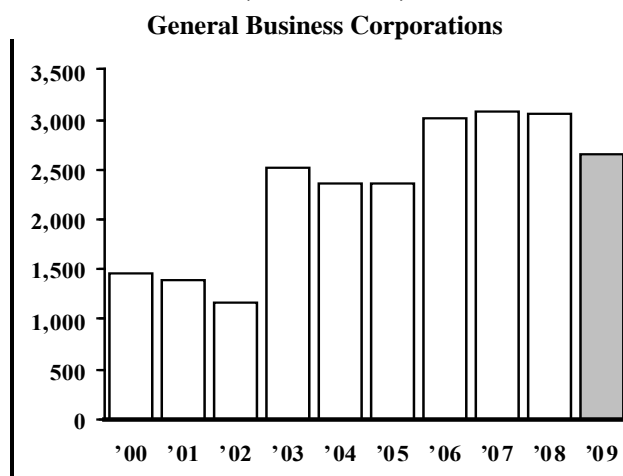
The Business Tax Reform Act (P.L. 2002, C. 40) imposes a “throwout rule” on corporations apportioning income outside the State. The tax effect of the throwout rule on an affiliated or controlled group having \$20 million or more in net income is capped at \$5 million.

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

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

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

## Corporation Business Tax Collections (In Millions)



| Fiscal Year | Collections          |
|-------------|----------------------|
| 2000        | \$1,452,135,808      |
| 2001        | 1,389,486,310        |
| 2002        | 1,171,456,857        |
| 2003        | 2,525,446,781        |
| 2004        | 2,370,169,715        |
| 2005        | 2,368,105,017        |
| 2006        | 3,007,830,476        |
| 2007        | 3,084,921,689        |
| 2008        | 3,062,378,874        |
| <b>2009</b> | <b>2,665,161,794</b> |

## Cosmetic Medical Procedures Gross Receipts Tax

### Description

P.L. 2004, C. 53, imposes a gross receipts tax on the purchase of certain “cosmetic medical procedures.” Cosmetic medical procedures are medical procedures performed in order to improve the human subject’s appearance without significantly serving to prevent or treat illness or disease or to promote proper functioning of the body. The law provides that such procedures include, for example, cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft tissue fillers, dermabrasion and chemical peels, laser hair removal, laser skin resurfacing, laser treatment of leg veins, sclerotherapy, and cosmetic dentistry. They do not include reconstructive surgery or dentistry to correct or minimize abnormal structures caused by congenital defects, developmental abnormalities, trauma, infection, tumors, or disease, including procedures performed in order to improve function or give the person a more normal appearance. The tax also applies to amounts charged for goods or facility occupancies, such as hospitalization or clinic stays, required for or directly associated with the cosmetic medical procedure.

### Rate

The rate is 6% on gross receipts from cosmetic medical procedures and related goods and occupancies.

### Disposition of Revenues

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

## Domestic Security Fee

### Description

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

### Rate

The fee is assessed at the rate of \$5 per day on all motor vehicle rental companies doing business in this State for each rental day a motor vehicle is rented under agreements of 28 days or less. The fee applies only to the first

28 days of a rental agreement with the same renter. Thus, the maximum rental fee in the aggregate is \$140 even if the actual rental extends beyond 28 days.

### Disposition of Revenues

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

## Fur Clothing Retail Gross Receipts Tax and Use Tax

### Description

P.L. 2006, C. 41, imposes a gross receipts tax, payable by retailers, on the retail sale of fur clothing in New Jersey. “Fur clothing” means an item that is exempt from sales and use tax as clothing, is made of fur on the hide or pelt of an animal, and has fur as the chief component of its value. The law also imposes a fur clothing use tax. The retail purchaser is liable for fur clothing use tax on fur clothing purchased for delivery or use in New Jersey from a seller who did not pay the fur clothing retail gross receipts tax. The Fur Clothing Retail Gross Receipts Tax and Use Tax was repealed effective January 1, 2009 (P.L. 2008, C. 123).

### Rate

The rate is 6% on the seller’s gross receipts from the retail sales of fur clothing. The use tax rate is 6% on the retail price of fur clothing on which the seller did not pay gross receipts tax.

### 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, 2004, but before January 1, 2009, range from 1.4% – 8.97%. For tax years beginning on or after January 1, 2009, but

before January 1, 2010, only, the rates range from 1.4% – 10.75%, after which they revert to the previous rates.

### Filing Threshold

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

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

### Exemptions

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

### Deductions

- Payments of alimony or for separate maintenance are deductible by the payer if reported as income by the payee.
- Unreimbursed medical expenses in excess of 2% of gross income; qualified medical savings account

contributions; and for the "self-employed," qualified health insurance costs.

- Property tax deduction (or credit).
- Qualified conservation contribution.
- Deduction for eligible taxpayers who provide primary care medical and/or dental services at a qualified practice located in or within five miles of a Health Enterprise Zone.

### Credits

- Payments of income or wage tax imposed by another state (or political subdivision) or by the District of Columbia, with respect to income subject to tax under this Act. This shall not exceed the proportion of tax otherwise due that the amount of the taxpayer's income subject to tax by the other jurisdiction bears to the taxpayer's entire New Jersey income.
- Amounts withheld by an employer and payments of estimated tax, including any payments made in connection with the sale or transfer of real property by a nonresident, estate, or trust.
- Amounts paid by an S corporation on behalf of a shareholder.
- Amounts paid by a partnership on behalf of a partner.
- New Jersey Earned Income Tax Credit.
- Excess unemployment and disability insurance contributions withheld.
- Property tax credit (or deduction).
- Sheltered Workshop Tax Credit.

### Withholding Requirement

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

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

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

### Disposition of Revenues

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

## History

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective beginning with the 2004 tax year, section 26 of P.L. 2004, C. 65, "decouples" the calculation of depreciation and section 179 expenses from recent Federal income

tax provisions. Under these amendments, the expenses must be calculated by applying Federal code provisions as they were in effect on December 31, 2001 (or December 31, 2002, for section 179 expenses).

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

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

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

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

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

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

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

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

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

P.L. 2006, C. 36, authorizes the Director of the Division of Taxation to permit or mandate reasonable methods for filing and paying, which may include electronic methods

of filing and paying. The law further requires tax practitioners who prepared or filed 100 or more 2005 New Jersey resident income tax returns to electronically file all 2006 New Jersey resident income tax returns. This requirement was extended, for tax year 2007, to preparers who filed 50 or more 2006 Gross Income Tax returns. The law imposes a \$50 per return penalty for noncompliance with this mandate, which may be abated, in full or in part, at the Director’s discretion.

P.L. 2006, C. 85, requires any person (other than a governmental entity, a homeowner, or a tenant) who maintains an office or transacts business in New Jersey to withhold New Jersey gross income tax at the rate of 7% from payments made to unregistered, unincorporated contractors for services performed in this State.

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

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

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

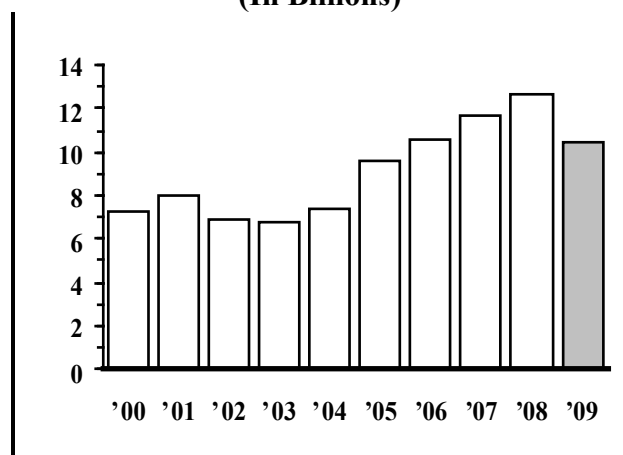
P.L. 2009, C. 69, effective July 1, 2009, temporarily adjusted the New Jersey Gross Income Tax rates for taxpayers with taxable income exceeding \$400,000 in taxable years beginning on or after January 1, 2009, but before January 1, 2010. The law provided for adjusted income taxation of the following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

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

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

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

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



| Fiscal Year | Collections                |
|-------------|----------------------------|
| 2000        | \$ 7,205,260,486           |
| 2001        | 7,989,222,227              |
| 2002        | 6,836,992,402              |
| 2003        | 6,735,282,357              |
| 2004        | 7,400,732,606              |
| 2005        | 9,537,938,903 <sup>1</sup> |
| 2006        | 10,506,564,988             |
| 2007        | 11,727,192,312             |
| 2008        | 12,605,545,164             |
| 2009        | 10,476,267,266             |

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

## Hotel/Motel Occupancy Fee/ Municipal Occupancy Tax

### Description

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

### Rate

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

Atlantic City—1%

Newark and Jersey City—1%

The Wildwoods—3.15%

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

### Disposition of Revenues

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

## Insurance Premiums Tax

### Description

The Insurance Premiums Tax applies to premiums collected on insurance risks by every insurance company transacting business in New Jersey. 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 (1.35%); ocean marine risks (5% of three-year average of underwriting profits); workers' compensation premiums (2.25%). If, for any insurance company, the ratio of New Jersey business to total business is greater than 12.5%, the tax is imposed on only 12.5% of that company's total premiums. Another .05% is imposed on group accident and health premiums and another .1% on all other insurance premiums, the revenues being dedicated to the Department of Insurance.

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

**Disposition of Revenues**

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

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

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## Landfill Closure and Contingency Tax

**Description**

This tax is levied upon the owner or operator of every sanitary landfill facility located in New Jersey on all solid waste accepted for disposal on or after January 1, 1982. In addition, the owner or operator must make a monthly payment of \$1 per ton or \$0.30 per cubic yard for the host community benefit surcharge for all solid waste accepted for disposal.

**Rate**

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

**Disposition of Revenues**

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

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## Litter Control Fee

**Description**

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

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

**Rate**

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

**Disposition of Revenues**

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

## Local Property Tax

### Description

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

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

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

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

### Rate

The local property tax rate is determined each year in each municipality by relating the total amount of tax levy to the total of all assessed valuations taxable. Expressed in \$1 per \$100 of taxable assessed value, the tax rate is a multiplier for use in determining the amount of tax levied upon each property. See Appendix A for the 2008 general and effective property tax rates in each municipality.

### Disposition of Revenues

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

### History

It may be said that the property tax originated in 1670 with a levy of one half penny per acre of land to support the central government. Through the middle of the 19th century property taxes were levied upon real estate and upon certain personal property at arbitrary rates within certain limits called “certainties.” In 1851 the concepts of a general property tax and uniform assessments according to actual value were developed (Public Laws 1851, p. 273).

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

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

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

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

Personal property provisions of Chapter 51, Laws of 1960, were replaced by Chapter 136, Laws of 1966. For taxes payable in 1968 and until 1993, personal property used in business (other than the businesses of local

exchange telephone, telegraph, and messenger system companies and other public utilities) was subject to the Business Personal Property Tax instead of the local tax. Personal property is no longer subject to any property tax and inventories of all businesses are excluded from property taxation.

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

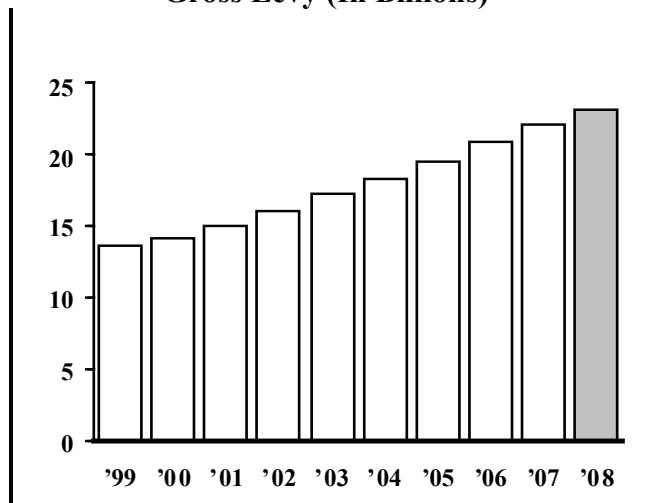
The decision in *Switz v. Middletown Township, et al.*, 23 N.J. 580 (1957) required that all taxable property be assessed at "true value" (100% assessment). This was the beginning of a series of New Jersey court decisions which have been a major factor in the development of uniform real estate tax assessment.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

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

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

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

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



| Fiscal Year | Gross Tax Levy          |
|-------------|-------------------------|
| 1999        | \$13,558,860,459        |
| 2000        | \$14,195,812,735        |
| 2001        | \$14,992,785,135        |
| 2002        | \$16,053,021,123        |
| 2003        | \$17,254,024,652        |
| 2004        | \$18,377,494,023        |
| 2005        | \$19,567,777,307        |
| 2006        | \$20,914,761,932        |
| 2007        | \$22,130,902,055        |
| <b>2008</b> | <b>\$23,213,741,007</b> |

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## Medical Malpractice Fund Assessments

### Description

The New Jersey Medical Care Access and Responsibility and Patients First Act (P.L. 2004, C. 17) assesses an annual surcharge of \$3 per employee for all employers who are subject to the New Jersey unemployment compensation law and annual \$75 charges to all State licensed physicians, podiatrists, chiropractors, dentists, optometrists, and attorneys. The New Jersey Division of Taxation is responsible for collection of the annual \$75 fee on attorneys only. The fees, which expired after three years, were collected in the years 2004, 2005, and 2006.

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## 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 sales of motor fuels to the United States or the State of New Jersey; 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.

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## Motor Vehicle Tire Fee

### Description

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

### Rate

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

### Disposition of Revenues

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

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## 9-1-1 System and Emergency Response Assessment

### Description

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

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

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

### Rate

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

### Disposition of Revenues

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

## Nursing Home Assessment

### Description

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

### Rate

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

### Disposition of Revenues

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

## Outdoor Advertising Fee

### Description

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

Although the fee is imposed on the retail seller, the law provides that the seller is not subject to the fee on gross amounts collected from a purchaser/end user that is exempt from New Jersey Sales and Use Tax pursuant to N.J.S.A. 54:32B-9(a) or (b). There is also an exemption for "fees received by an advertising agency that is not a related party of the retail seller and that are not received from the retail seller."

### Rate

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

### Disposition of Revenues

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

## Petroleum Products Gross Receipts Tax

### Description

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

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

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

### Rate

The petroleum products tax is imposed at the rate of 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. Eligible taxpayers may claim the Neighborhood Revitalization State Tax Credit against the petroleum products gross receipts tax pursuant to P.L. 2001, C. 415.

### Disposition of Revenues

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

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## Property Tax Relief Programs

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

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

### Homestead Rebate Program

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

The application for the new homestead property tax rebate was combined with the resident income tax return beginning with the tax return for 1990, and benefits were linked to income level and amount of property taxes paid. Under this program rebates ranged from \$100 to \$500 for homeowners, and \$35 to \$500 for tenants, depending on the applicant's filing status, gross income, and the amount of property taxes paid, either directly or through rent. Those with incomes over \$100,000 were not eligible for a rebate.

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

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

Chapter 63, P.L. 1999, the NJ SAVER and Homestead Rebate Act, created the NJ SAVER Rebate Program, another new, direct property tax relief program to be phased in over five years beginning in 1999. Under the provisions of this Act, homeowners who qualified for

both the homestead rebate and the NJ SAVER rebate received either the homestead rebate or the NJ SAVER rebate, depending which program provided the greater benefit. (See *NJ SAVER Rebate Program* on page 40 for a description of that program.) This same legislation increased the homestead rebate income threshold for tenants to \$100,000 and set the income threshold at \$40,000 for homeowners who were not 65 or older or blind or disabled. For 1998, tenants who were under 65, not blind or disabled, and who had income between \$40,000 and \$100,000 were eligible to receive a \$30 homestead rebate provided they filed a Homestead Rebate Application by June 15, 1999. The legislation increased this amount to \$40 for the 1999 tax year, \$60 for the 2000 tax year, \$80 for the 2001 tax year, and \$100 for 2002 and thereafter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The State Budget for fiscal year 2010 limited eligibility and rebate amounts for tax year 2008 for homeowners based on income (homeowners age 65 or older or disabled with gross income over \$150,000 and homeowners under age 65 with gross income over \$75,000 were not eligible). The Budget also required that the rebates for homeowners be based on 2006 property taxes. Rebates for tenants were limited to those age 65 or older or disabled.

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

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

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

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

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

## NJ SAVER Rebate Program

Chapter 63, P.L. 1999, the New Jersey School Assessment Valuation Exemption Relief and Homestead Property Tax Rebate Act (NJ SAVER and Homestead Rebate Act), created the NJ SAVER Rebate Program. Under this program New Jersey residents, regardless of age or income, who owned, occupied, and paid property taxes on a home in New Jersey that was their principal residence on October 1 of any year were eligible to receive an NJ SAVER rebate for that year.

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

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

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

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

The 2004 Homestead Property Tax Rebate Act (P.L. 2004, C. 40) folded the NJ SAVER Rebate Program into the existing Homestead Rebate Program, and combined certain aspects of each, eliminating the NJ SAVER rebate for tax years 2004 and thereafter. See *Homestead Rebate Program* on page 38 for more information.

### Property Tax Reimbursement Program

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

Residents are eligible if they (1) are age 65 or older or receiving Federal Social Security disability benefits; (2) owned and lived in a homestead (or mobile home which is on a leased site in a mobile home park) for at least the last three years; (3) lived in New Jersey and paid property taxes either directly or through rent for at least ten consecutive years; (4) paid the full amount of property taxes (or site fees if a mobile home owner) due on the home for both their base year and the year for which they are claiming the reimbursement; and (5) meet certain income eligibility limits for both the base year and the year for which they are claiming a reimbursement.

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

Under the provisions of the State Budget for fiscal year 2004, only applicants who received a reimbursement for tax year 2001 and who met all the eligibility requirements, including the income limits for 2002, were eligible to receive a reimbursement for 2002. The amount applicants received for tax year 2002 could not exceed the amount they received for 2001. For 2003, reimbursements were issued to all eligible applicants for the difference between their 2003 property taxes and their base year property

taxes. For eligible applicants who filed applications for the first time for 2002 but did not receive checks, the 2003 reimbursement represented the difference between the amount of their 2003 property taxes paid and the amount of their 2001 (base year) taxes. For 2004, 2005, 2006, 2007, and 2008 reimbursements were issued to all eligible applicants for the difference between their 2004, 2005, 2006, 2007, and/or 2008 property taxes and their base year property taxes.

### Other Benefits

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

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

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

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

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

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## 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.

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## 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.

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## 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.

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## 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.

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## Railroad Franchise Tax

### Description

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

### Rate

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

### Disposition of Revenues

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

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## 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.

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## Realty Transfer Fee

### Description

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

The Realty Transfer Fee does not apply to a deed: for a consideration of less than \$100; by or to the United States of America, this State, or any instrumentality, agency, or subdivision thereof; solely in order to provide or release security for a debt or obligation; which confirms or corrects a deed previously recorded; on a sale for delinquent taxes or assessments; on partition; by a receiver, trustee in bankruptcy or liquidation, or assignee for the benefit of creditors; eligible to be recorded as an "ancient deed" pursuant to R.S. 46:16-7; acknowledged or proved on or

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

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

## Rate

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

### Standard Transactions and New Construction

#### Total Consideration Not Over \$350,000

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

#### Total Consideration Over \$350,000

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

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

#### Total Consideration Not Over \$350,000

| Consideration |                     | Rate / \$500 |
|---------------|---------------------|--------------|
| <i>over</i>   | <i>but not over</i> |              |
| \$ 0          | \$ 150,000          | \$ 0.50      |
| 150,000       | 350,000             | 1.25         |

#### Total Consideration Over \$350,000

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

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

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

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

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

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

## Disposition of Revenues

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

### Standard (no exemption)

#### Total Consideration Not Over \$350,000

| Consideration |                     | County<br>Treasurer <sup>1</sup> | State<br>Treasurer <sup>2</sup> | Neighborhood<br>P.N.R. Fund |
|---------------|---------------------|----------------------------------|---------------------------------|-----------------------------|
| <i>over</i>   | <i>but not over</i> |                                  |                                 |                             |
| \$ 0          | \$ 150,000          | \$ 0.75                          | \$ 1.25                         | \$0.00                      |
| 150,000       | 200,000             | 0.75                             | 1.85                            | 0.75                        |
| 200,000       | 350,000             | 0.75                             | 2.40                            | 0.75                        |

#### Total Consideration Over \$350,000

| Consideration |                     | County<br>Treasurer <sup>1</sup> | State<br>Treasurer <sup>2</sup> | Neighborhood<br>P.N.R. Fund |
|---------------|---------------------|----------------------------------|---------------------------------|-----------------------------|
| <i>over</i>   | <i>but not over</i> |                                  |                                 |                             |
| \$ 0          | \$ 150,000          | \$ 0.75                          | \$ 2.15                         | \$ 0.00                     |
| 150,000       | 200,000             | 0.75                             | 2.75                            | 0.75                        |
| 200,000       | 550,000             | 0.75                             | 3.30                            | 0.75                        |
| 550,000       | 850,000             | 0.75                             | 3.80                            | 0.75                        |
| 850,000       | 1,000,000           | 0.75                             | 4.30                            | 0.75                        |
| 1,000,000     |                     | 0.75                             | 4.55                            | 0.75                        |

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

#### Total Consideration Not Over \$350,000

| Consideration |                     | County<br>Treasurer | State<br>Treasurer | Neighborhood<br>P.N.R. Fund |
|---------------|---------------------|---------------------|--------------------|-----------------------------|
| <i>over</i>   | <i>but not over</i> |                     |                    |                             |
| \$ 0          | \$ 150,000          | \$ 0.50             | \$ 0.00            | \$ 0.00                     |
| 150,000       | 350,000             | 0.50                | 0                  | 0.75                        |

#### Total Consideration Over \$350,000

| Consideration |                     | County<br>Treasurer | State<br>Treasurer <sup>3</sup> | Neighborhood<br>P.N.R. Fund |
|---------------|---------------------|---------------------|---------------------------------|-----------------------------|
| <i>over</i>   | <i>but not over</i> |                     |                                 |                             |
| \$ 0          | \$ 150,000          | \$ 0.50             | \$ 0.90                         | \$ 0.00                     |
| 150,000       | 550,000             | 0.50                | 0.90                            | 0.75                        |
| 550,000       | 850,000             | 0.50                | 1.40                            | 0.75                        |
| 850,000       | 1,000,000           | 0.50                | 1.90                            | 0.75                        |
| 1,000,000     |                     | 0.50                | 2.15                            | 0.75                        |

### New Construction

#### Total Consideration Not Over \$350,000

| Consideration |                     | County<br>Treasurer <sup>1</sup> | State<br>Treasurer <sup>2</sup> | Neighborhood<br>P.N.R. Fund |
|---------------|---------------------|----------------------------------|---------------------------------|-----------------------------|
| <i>over</i>   | <i>but not over</i> |                                  |                                 |                             |
| \$ 0          | \$ 150,000          | \$ 0.75                          | \$ 1.00 <sup>3</sup>            | \$ 0.25                     |
| 150,000       | 200,000             | 0.75                             | 0.60                            | 2.00                        |
| 200,000       | 350,000             | 0.75                             | 1.15                            | 2.00                        |

#### Total Consideration Over \$350,000

| Consideration |                     | County<br>Treasurer <sup>1</sup> | State<br>Treasurer <sup>2</sup> | Neighborhood<br>P.N.R. Fund |
|---------------|---------------------|----------------------------------|---------------------------------|-----------------------------|
| <i>over</i>   | <i>but not over</i> |                                  |                                 |                             |
| \$ 0          | \$ 150,000          | \$ 0.75                          | \$ 1.90                         | \$ 0.25                     |
| 150,000       | 200,000             | 0.75                             | 1.50                            | 2.00                        |
| 200,000       | 550,000             | 0.75                             | 2.05                            | 2.00                        |
| 550,000       | 850,000             | 0.75                             | 2.55                            | 2.00                        |
| 850,000       | 1,000,000           | 0.75                             | 3.05                            | 2.00                        |
| 1,000,000     |                     | 0.75                             | 3.30                            | 2.00                        |

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

<sup>2</sup>Amount per \$500 of consideration is deposited as follows:

#### Extraordinary Aid Account

##### Standard Transactions

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

##### New Construction

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

#### State General Fund

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

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

<sup>3</sup>Entire amount is deposited into the State General Fund.

The proceeds of the Realty Transfer Fees collected by the county recording officer are accounted for and remitted to the county treasurer. In Fiscal Year 2009, a total of \$151,028,212 was paid to the State Treasurer in Realty Transfer Fees and deposited into the State General Fund.

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

Pursuant to P.L. 2008, C. 46, the Neighborhood Preservation Nonlapsing Revolving Fund became the New Jersey Affordable Housing Trust Fund. In Fiscal Year 2009, \$32,870,719 was paid to the State Treasurer and credited to the New Jersey Affordable Housing Trust Fund.

A "supplemental fee" is allocated between the county Public Health Priority Fund and the State Extraordinary Aid Account. In Fiscal Year 2009, the Extraordinary Aid Account received \$36,820,703.

## Recycling Tax

### Description

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

### Rate

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

### Disposition of Revenues

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

## Sales and Use Tax

### Description

Sales and Use Tax applies to receipts from retail sale, rental, or use of tangible personal property or digital property; retail sale of producing, fabricating, processing, installing, maintaining, repairing, and servicing tangible personal property or digital property; maintaining, servicing, or repairing real property; certain direct-mail services; tattooing, tanning, and massage services; investigation and security services; information services; limousine services; sales of restaurant meals and prepared food; rental of hotel and motel rooms; certain admission charges; certain membership fees; parking charges; storage services; sales of magazines and periodicals; delivery charges; and

telecommunications services, except as otherwise provided in the Sales and Use Tax Act.

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

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

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

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

### Rate

The rate of tax is 7% on taxable sales.

### Disposition of Revenues

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

## History

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

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

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

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

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

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

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

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

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

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

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

The Sales and Use Tax rate increased to 7%, effective July 1, 1990. Several major exempt items and services became taxable July 1, 1990, e.g., cigarettes; alcoholic beverages; household soap and paper products; janitorial

services; telecommunications services; and sales, rentals, leasing, parts, and services for certain commercial motor vehicles (C. 40, P.L. 1990).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

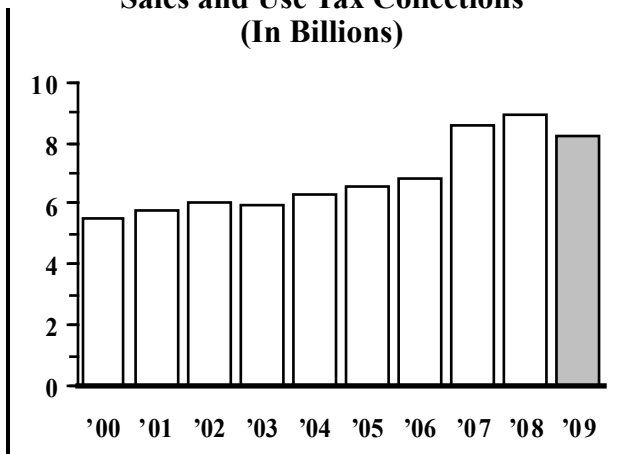
Chapter 44, P.L. 2006, increased the Sales and Use Tax rate from 6% to 7%, effective July 15, 2006. The law also expanded the Sales and Use Tax base effective October 1, 2006, by imposing tax on various products and services that were not previously taxed as well as by limiting existing exemptions for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

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

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

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

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



| Fiscal Year | Collections                |
|-------------|----------------------------|
| 2000        | \$5,508,045,603            |
| 2001        | 5,758,670,303              |
| 2002        | 5,996,839,407              |
| 2003        | 5,936,057,141              |
| 2004        | 6,261,700,380              |
| 2005        | 6,552,199,925              |
| 2006        | 6,853,417,869              |
| 2007        | 8,609,639,460 <sup>1</sup> |
| 2008        | 8,915,515,422              |
| 2009        | 8,264,162,457              |

<sup>1</sup>Rate increased to 7% effective July 15, 2006.

### Urban Enterprise Zones

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

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

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

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

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

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

### Sales Tax Benefits

A vendor within an Urban Enterprise Zone or Urban Enterprise Zone-impacted business district wishing to collect sales tax at the reduced rate must first be certified as a "qualified business," and then apply to the Division of Taxation for authority to collect tax at the reduced rate.

No business may collect sales tax at the reduced rate without the proper certification. The certification is valid for one year. Recertification is automatic unless the business changes or loses its qualified status.

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

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

Public Law 2004, C. 65, amended the Urban Enterprise Zones Act to include a Sales and Use Tax exemption for energy and utility service sold to certain qualified urban enterprise zone businesses. In order to be eligible, a qualified business, or a group of vertically integrated qualified businesses within a single redevelopment area, must employ at least 500 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process.

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

P.L. 2006, C. 34, effective July 15, 2006, amended the Urban Enterprise Zones Act to require that to qualify as a UEZ business an applicant must meet all outstanding tax obligations. The law also requires that UEZ qualified

businesses having annual gross receipts of \$1,000,000 or more obtain exemption from Sales and Use Tax on purchases by filing a claim for refund of tax, rather than by using a point-of-purchase exemption certificate.

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

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

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## Savings Institution Tax

### Description

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

Excluded from tax are:

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

### Rate

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

### Disposition of Revenues

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

## Solid Waste Services Tax

### Description

The Solid Waste Services Tax is levied upon the owner or operator of every sanitary landfill facility located in New Jersey on all solid waste accepted for disposal on or after May 1, 1985. The Solid Waste Services Tax was repealed effective February 1, 2008.

## Spill Compensation and Control Tax

### Description

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

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

### Rate

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

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

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

### Disposition of Revenues

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

## Tobacco Products Wholesale Sales and Use Tax

### Description

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

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

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

### Rate

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

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

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

## Disposition of Revenues

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

## Transfer Inheritance and Estate Taxes

### Description

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

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

### Rate

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

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

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

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

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

### Exemptions From Transfer Inheritance Tax

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

### Disposition of Revenues

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

### History

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

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

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

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

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

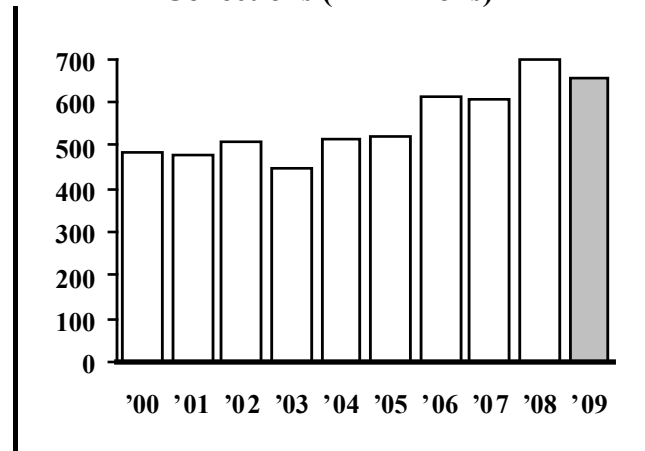
P.L. 2003, C. 246, the Domestic Partnership Act, recognized domestic partnerships and provided certain rights and benefits to individuals participating in them. The Act made significant changes to the New Jersey Inheritance Tax for individuals dying on or after July 10, 2004. Transfers made to a surviving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

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

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

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

### Transfer Inheritance and Estate Tax Collections (In Millions)



| Fiscal Year | Collections   |
|-------------|---------------|
| 2000        | \$485,948,339 |
| 2001        | 478,061,055   |
| 2002        | 510,367,419   |
| 2003        | 445,310,855   |
| 2004        | 516,007,975   |
| 2005        | 520,775,959   |
| 2006        | 610,847,697   |
| 2007        | 604,700,439   |
| 2008        | 698,694,013   |
| 2009        | 653,439,759   |

## 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.

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## **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.

**New Jersey Division of Taxation**

## **LEGISLATION AND COURT DECISIONS**

## LEGISLATION

### Alcoholic Beverage Tax

#### **P.L. 2009, C. 71 — Alcoholic Beverage Tax Increase**

Enacted June 29, 2009, and effective August 1, 2009, increases the New Jersey alcoholic beverage tax (excise tax), which is applied to the first sale or delivery of alcoholic beverages to retailers in New Jersey and is paid by manufacturers, wholesalers, and State beverage distributors.

The rate as it applies to liquors increases from \$4.40 a gallon to \$5.50 a gallon; still wines, vermouth, and sparkling wines increase from \$0.70 a gallon to \$0.875 a gallon; apple cider (cider containing at least 3% but not more than 7% alcohol by volume) increases from \$0.12 a gallon to \$0.15 a gallon.

### Cigarette Tax

#### **P.L. 2008, C. 91 — Prohibition on the Sale of Certain Flavored Cigarettes**

Enacted October 1, 2008, and effective the sixtieth day after enactment, prohibits the sales of certain flavored cigarettes in New Jersey. It further establishes civil penalties for violations and outlines circumstances in which the Division of Taxation may suspend or revoke the license of a retail dealer and may subject the dealer to administrative charges.

#### **P.L. 2008, C. 98 — Implementation of Encrypted Counterfeit-Resistant Revenue Stamps**

Enacted October 31, 2008, and effective immediately, permits implementation of encrypted, counterfeit-resistant stamps for cigarettes sold in the State. The Director, Division of Taxation, is required to provide a report to the Governor and Legislature on or before the 240th day after enactment to detail the effectiveness of the measures.

#### **P.L. 2009, C. 70 — Cigarette Tax Increase**

Enacted June 29, 2009, and effective July 1, 2009, increases the New Jersey cigarette tax and applies to all New Jersey cigarette stamps, stamped floor stock, and to all cigarettes in the possession of any distributor, wholesaler, or retailer licensed by the State of New Jersey as of July 1, 2009. The law provides for new rates per pack of \$2.70 on a pack of 20 cigarettes and \$3.375 on a pack of 25 cigarettes.

### Corporation Business Tax

#### **P.L. 2008, C. 102 — Net Operating Loss Carryover Period Extended**

Enacted November 24, 2008, extended the net operating loss carryover period under the corporation business tax. The law provides that a net operating loss for any privilege period ending after June 30, 2009, shall be a net operating loss carryover to each of the 20 privilege periods following the period of the loss. This 20-year carryover applies only to net operating losses accruing for privilege periods ending after June 30, 2009. Net operating losses accruing for privilege periods ending on or before June 30, 2009, continue to have a net operating loss carryover to each of the seven privilege periods following the period of the loss.

#### **P.L. 2008, C. 120 — Throwout Rule and Regular Place of Business Requirements Eliminated**

Enacted December 19, 2008, applicable to privilege periods beginning on or after July 1, 2010, eliminates the throwout provision of the apportionment formula for corporation business tax. It also removes the “regular place of business” requirement for taxpayers to allocate income. To allocate less than 100% of income to New Jersey, a taxpayer will no longer be required to show a regular place of business exists outside of the State.

#### **P.L. 2009, C. 72 — New Jersey Decouples From Federal Deferral of Certain Discharge of Indebtedness Income and Extends the Business Surtax**

Enacted June 29, 2009, and effective July 1, 2009, extends the 4% surtax on corporation business tax liabilities for one year. The annual surtax, which was initially imposed under P.L. 2006, C. 38 (N.J.S.A. 54:10A-5.40) for privilege periods ending on or after July 1, 2006, but before July 1, 2009, will now apply to privilege periods ending on or after July 1, 2006, but before July 1, 2010. As previously imposed, the surtax is paid in addition to the franchise tax that is required pursuant to N.J.S.A. 54:10A-5.

The law also decouples the corporation business tax from Federal Internal Revenue Code deferral of certain discharge of indebtedness income.

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## Gross Income Tax

### **P.L. 2008, C. 53 — Income Verification Procedure for Medicaid and NJ FamilyCare Applicants**

Enacted August 5, 2008, and effective 90 days after enactment, establishes a new income verification procedure for those applying for Medicaid and NJ FamilyCare benefits. Applicants will be required to provide the Division of Taxation written authorization to release applicable tax information to the Commissioner of Human Services for purposes of ensuring that program income guidelines are met.

### **P.L. 2009, C. 69 — Rate Increase, Property Tax Deduction Suspension and Cap, New Jersey Lottery Winnings Taxable**

Enacted June 29, 2009, and effective July 1, 2009, applies to taxable years beginning on or after January 1, 2009. The legislation temporarily adjusts the New Jersey gross income tax rates for taxpayers with taxable incomes exceeding \$400,000 in taxable years beginning on or after January 1, 2009, but before January 1, 2010. The law provides for adjusted income taxation of the following brackets at the following rates: over \$400,000 but not over \$500,000 is adjusted from 6.37% to 8%; over \$500,000 but not over \$1,000,000 is adjusted from 8.97% to 10.25%; and over \$1,000,000 is adjusted from 8.97% to 10.75%.

The law also provides that for the taxable year beginning January 1, 2009, homeowners who have a gross income of more than \$250,000 and are not age 65 or older or allowed a personal exemption as a blind or disabled individual are not eligible for the property tax deduction. Additionally, the maximum property tax deduction is capped at \$5,000 for homeowners who have gross income of more than \$150,000, but not exceeding \$250,000, and are not age 65 or older or blind or disabled.

The law also provides that New Jersey lottery winnings from prizes exceeding \$10,000 are taxable for New Jersey gross income tax purposes and that the New Jersey State Lottery is required to withhold New Jersey gross income tax on such taxable winnings at the rate of 3%.

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## Insurance Premiums Tax

### **P.L. 2009, C. 75 — Increase in Insurance Premiums Receipts Tax Rates for 2009**

Enacted June 29, 2009, and effective immediately, increases the tax rate on group accident and health insurance premiums payable in 2009 from 1% to 1.35%. The law also modifies the current tax exemption given to a dental service corporation to make it subject to the 1.35% insurance premiums tax for taxes payable in 2009. The legislation also increases the premium receipts tax for surplus lines coverage from 3% to 5%.

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## Local Property Tax

### **P.L. 2008, C. 90 — Property Tax Exemption for Renewable Energy System**

Enacted October 1, 2008, and effective immediately, provides a property tax exemption for the value of an installed renewable energy system.

### **P.L. 2009, C. 6 — Property Tax Exemption for Certain Sports and Entertainment Projects**

Enacted January 27, 2009, and effective immediately, provides that a sports and entertainment project constructed under a redevelopment plan adopted by an eligible city that is owned, used, and operated by the eligible city to provide sports and entertainment events, shows, public meetings or events, exhibitions, or other expositions shall be deemed to be devoted to an essential public and governmental use and purpose. The property of the sports and entertainment project is exempt from property taxation as well as any special assessments of the State or any local government entity.

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## Miscellaneous

### **P.L. 2008, C. 45 — Out-of-State CPAs Authorized to Practice in New Jersey**

Enacted July 15, 2008, and effective on the 365th day after enactment, revises the “Accountancy Act of 1997” to authorize out-of-State CPAs to practice public accounting in New Jersey without the need to obtain a license or to notify the New Jersey State Board of Accountancy. It further subjects those accountants to the laws and regulations governing CPAs in this State. The law also requires some accounting firms to register with the New Jersey State Board of Accountancy.

**P.L. 2008, C. 46 — Fair Housing Reforms**

Enacted July 17, 2008, and effective on that date, revises various laws concerning the provision of affordable housing. It requires that regulatory proposals advanced by State agencies include a housing affordability impact statement. It further requires the Director of the Division of Taxation to establish an appeals procedure to address challenges brought by developers regarding municipal nonresidential development fees.

**P.L. 2008, C. 112 — InvestNJ Business Grant Program Established**

Enacted December 9, 2008, establishes the InvestNJ Business Grant Program, which is designed to boost certain capital investment and job creation in the State. This short-term initiative is being administered by the Economic Development Authority (EDA). To obtain information on this program, contact the EDA's Call Center at 1-866-534-7789.

**P.L. 2009, C. 21 — New Jersey Establishes a State Tax Amnesty Period**

Enacted March 17, 2009, and effective immediately, establishes a 45-day State tax amnesty period to end no later than June 15, 2009. During the amnesty period established by the Director, a taxpayer who has failed to pay any State tax may, on or before the last day of the amnesty period, pay the amount of the tax owed and one-half of the balance of interest that is due as of May 1, 2009, without the recovery fee and without the imposition of any civil or criminal penalties arising out of the tax obligation.

Tax amnesty is not available to any taxpayer who at the time of payment is under criminal investigation or charge for any State tax matter, as certified by a county prosecutor or the Attorney General to the Director.

The law also imposes a 5% penalty upon any State tax liability eligible but not satisfied during the amnesty period.

The legislation also provides that for tax years 2008 and after the total of all property tax relief benefits received (property tax reimbursement, homestead rebate, property tax deduction for senior/disabled persons, and property tax deduction for veterans) cannot exceed the amount of property taxes paid on the applicant's principal residence for the same year.

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**Sales and Use Tax**
**P.L. 2008, C. 118 — Changes in Urban Enterprise Zone Sales Tax Rebate Program**

Enacted December 17, 2008, and effective in relation to purchases made on or after February 1, 2009, amends the definition of "small business" applicable to the UEZ sales tax rebate program by raising the maximum annual gross receipts threshold from less than \$3 million to less than \$10 million. "Small businesses" are an exception to the requirement that qualified UEZ businesses claiming exemption from sales tax on purchases for their own use in the zone must first pay the tax at the point of purchase and then apply for a refund of the tax paid. "Small businesses," as defined in the Act, may instead claim the exemption at the point of sale.

**P.L. 2008, C. 123 — Conformance with Streamlined Sales Tax Agreement**

Enacted December 19, 2008, makes revisions to a number of aspects of the Sales and Use Tax Act (N.J.S.A. 54:32B-1 et seq.) in an effort to conform New Jersey's law with various provisions of the Streamlined Sales and Use Tax Agreement of which New Jersey is a member. Areas of change include telecommunications, direct mail, sales price, fur clothing, and the medical exemption.

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**Property Tax Relief Programs**
**P.L. 2008, C. 119 — Income Eligibility Limits for Senior Freeze Increased**

Enacted December 18, 2008, and effective immediately, modifies the definition of who constitutes an "eligible claimant" under the Property Tax Reimbursement Program (often referred to as the Senior Freeze Program). The legislation increases the income eligibility limits from \$45,135, if single, and \$55,344 for married couples to \$60,000 in tax year 2007; to \$70,000 in tax year 2008; and to \$80,000 in tax year 2009, whether single or married.

## COURT DECISIONS

### Gross Income Tax

#### **Alimony, Credit for Taxes Paid to Other Jurisdictions**

*Sylvester L. & Yongjie Tuohy v. Director, Division of Taxation*, decided August 18, 2008; Docket No. 000033-2008. At issue was a resident's proper calculation of the credit for taxes paid to other jurisdictions under N.J.S.A. 54A:4-1. The taxpayer challenged the Director's method for calculating the credit for taxes paid to New York and the effect that alimony paid had on the calculation.

N.J.S.A. 54A:4-1 defines the parameters of the credit:

- (a) A resident taxpayer shall be allowed a credit against the tax otherwise due under this act for the amount of any income tax or wage tax imposed for the taxable year by another state of the United States or political subdivision of such state, or by the District of Columbia, with respect to income which is also subject to tax under this act...
- (b) The credit provided under this section shall not exceed the proportion of the tax otherwise due under this act that the amount of the taxpayer's income subject to tax by the other jurisdiction bears to his entire New Jersey income.

When calculating his taxes paid to New York, the taxpayer overstated the numerator of his credit fraction by not including a reduction for alimony, an allowable deduction on the taxpayer's New York nonresident return.

N.J.A.C. 18:35-4.1(a)3 establishes a formula to determine the amount of credit for taxes paid to a foreign jurisdiction. Under N.J.A.C. 18:35-4.1(a)10 a taxpayer may "not include in the numerator in the credit fraction any income, which has been excluded or deducted from the taxable gross income of other jurisdiction(s) or which has not been taxed by other jurisdiction(s)."

The Court granted the Director's motion for summary judgment on the basis of the decision in *Ambrose v. Director*, 198 N.J. Super. 546 (App. Div. 1985).

#### **Credit for Taxes Paid to Other Jurisdictions**

*Teimouraz & Nana Vassilidze v. Director, Division of Taxation*, decided October 24, 2008; Docket No. 010946-2007. The issue was whether the credit for taxes paid provision established in N.J.S.A. 54A:4-1 was available to a resident of New Jersey who paid income taxes to Pennsylvania on wage income.

The taxpayer filed a 2003 Pennsylvania income tax return reporting the wages Dr. Vassilidze earned in that state. Pennsylvania withholding was taken out of Dr. Vassilidze's paychecks in an amount equal to the calculated Pennsylvania tax balance due. Hence, the Pennsylvania return was filed reflecting a zero balance due.

N.J.S.A. 54A:4-1 allows a credit for taxes paid only in those circumstances in which an income tax is "imposed" by a foreign jurisdiction.

N.J.A.C. 18:35-4.1(a)7 provides:

As a result of the Reciprocal Personal Income Tax Agreement between the Commonwealth of Pennsylvania and the State of New Jersey, wages, salaries and other compensation paid to New Jersey residents employed in Pennsylvania are not subject to Pennsylvania income tax. Thus, a New Jersey resident may not claim a credit for taxes paid to Pennsylvania on employee compensation.

The Court affirmed the Director's assessment, noting:

Pennsylvania law excludes in plain terms the employment income of New Jersey residents from income tax. Pennsylvania issued instructions to the income tax return used by plaintiffs informing New Jersey residents that the compensation they earn in Pennsylvania is not subject to income tax in that State. It was despite these official efforts, not because of them, that plaintiffs voluntarily paid income tax to Pennsylvania. The Legislature did not intend for N.J.S.A. 54A:4-1 to apply when taxpayers voluntarily pay income tax to a State that has relinquished any claim to the tax and made public efforts to inform taxpayers that the tax is not due.

#### **401(k) Contributions, Credit for Taxes Paid to Philadelphia**

*Macario A. Sarreal v. Director, Division of Taxation*, decided December 30, 2008; Docket No. 007828-2008. At issue was whether the Division of Taxation properly excluded the plaintiff's 401(k) contribution from income earned in Philadelphia for the purpose of calculating the taxpayer's credit for taxes paid to other jurisdictions.

N.J.S.A. 54A:4-1(a) provides a New Jersey resident a credit against the New Jersey gross income tax for income or wage tax imposed by a political subdivision of another state on income that is also subject to the New Jersey gross income tax.

When calculating his taxes paid to Philadelphia, the taxpayer overstated the numerator of his credit fraction by not having deducted 401(k) contributions from his Philadelphia wages.

The Division had adjusted the taxpayer's credit calculation because 401(k) contributions, although taxable to the City of Philadelphia, are excludible for New Jersey gross income tax purposes. To provide a credit for taxes paid on 401(k) contributions would result in the taxpayer taking a credit for taxes paid on income which was not taxed under the New Jersey Gross Income Tax Act.

The plaintiff had argued that the Division's instructions regarding the exclusion were inadequate and therefore he should not be subjected to the deficiency assessment.

Judge Menyuk granted the Division's motion for summary judgment opining:

I conclude that N.J.S.A. 54A:4-1 plainly provides a credit for taxes paid to another jurisdiction only for those taxes on income that is also subject to tax by New Jersey. I also find that consistent with the statute, the Division's regulation, its instructions for the 2004 gross income tax return and its informational bulletin, GIT-3W (rev. 12/04) clearly directed that, in calculating the amount of the credit, tax on Philadelphia income that was not subject to tax by New Jersey was to be excluded when calculating the amount of the allowable credit.

### Single-Member LLC

*Michael & Helen Kaplan & Morris & Sandra Kaplan v. Director, Division of Taxation*, decided February 11, 2009; Docket No. A-3758-07T3. The New Jersey Superior Court, Appellate Division, affirmed the Tax Court opinion reported in 23 N.J. Tax 594 (Tax 2008) in this case involving an attempted change in business type to gain favorable tax treatment.

The Kaplans had acquired commercial apartment properties as single-member LLCs, disregarded entities. Recognizing that a large loss from the property could not be used on the NJ-1040 return, the taxpayers reported partnership income that should have been reported as distributive share of partnership income as net income from rents to take advantage of the large loss.

The Division placed the partnership income back into the distributive share of partnership income category resulting in a notice of deficiency.

The taxpayer challenged the Division's action, claiming that the single-member LLC, disregarded entity, was a tenant in common, a partnership in reality. The taxpayers argued the loss from the apartment should be allowed as an offset in the distributive share of partnership income category. The taxpayer believed that the partnership entity status should have been allowed, since the taxpayer and his brother were partners together in other partnerships.

The taxpayer next attempted to file amended returns for New Jersey and file a first-time Georgia partnership return and a first-time Federal partnership return almost three years after the original NJ-1040 was filed.

Judge Kuskin found in favor of the Division, disallowing the change in type of business entity for New Jersey gross income tax in order to gain favorable tax treatment.

### Intercategory Netting

*Monsees, Gregg Peters v. Director, Division of Taxation*, decided May 1, 2009; Docket No. 003535-2008. At issue was whether the Division of Taxation properly denied the taxpayer's netting of a net pro rata share of S corporation loss against other categories of gross income.

N.J.S.A. 54A:5-2 states that losses within one category of gross income may be applied against other sources of gross income within the same category of gross income during the taxable year. However, a net loss in one category of gross income may not be applied against gross income in another category of gross income.

In *Miller v. Director, Division of Taxation*, 352 N.J. Super. 98, 799 A.2d 660 (App. Div. 2002), the New Jersey Appellate Court stated that since income is taxed on a category-by-category basis, the New Jersey Gross Income Tax Act expressly prohibits the netting of income and losses among the different categories.

The Division had adjusted the taxpayer's net pro rata share of S corporation income to zero where the taxpayer had reported a loss on Line 21 of his NJ-1040 return. Plaintiff argued that he had reported and paid tax on income for over 20 years from his S corporation, so now that the S corporation had a loss, the Division should allow the loss.

Judge Bianco granted the Division's motion for summary judgment. In reaching his decision, he stated that N.J.S.A. 54A:5-2 prohibits intercategory netting by the taxpayer.

## Local Property Tax

**“Hospital Purposes” Exemption for Off-Site Building**  
*Hunterdon Medical Center v. Township of Readington*, decided July 14, 2008. This New Jersey Supreme Court appeal raises the issue of whether a hospital’s off-site building that houses its Health and Wellness Center, which provides physical therapy and cardio-pulmonary rehabilitation services, is exempt from local property tax. N.J.S.A. 54:4-3.6 states that real property used for the work of nonprofit organizations, including “all buildings actually used in the work of associations and corporations organized exclusively for hospital purposes” are exempt from property tax. Whether the health center is exempt depends on the term “hospital purposes.”

Hunterdon Medical Center (HMC) is a nonprofit corporation in Flemington, New Jersey. It is a general, acute-care hospital with its certificate of incorporation in effect since 1983 and amended in 2001 to indicate that it is organized for charitable purposes including the establishment and management of a hospital, medical, and health center. In 1998, HMC opened its Health and Wellness Center about nine miles from the Flemington hospital. The HMC provides services to the community through exercise, fitness, diet, physical therapy, and cardio-pulmonary rehabilitation. The Center’s pool, running track, weight room, aerobic exercise equipment, and classroom areas were open to the public through the payment of membership dues. However, individuals could use the fitness equipment and facilities if they were patients of one of the two services that the hospital provides through the Center, namely, physical therapy and cardio-pulmonary rehabilitation. Also, the building contains a hospital-owned pediatric physician practice which had existed as a private practice prior to its acquisition in December 1997. HMC was receiving an exemption up until the 2000 tax year. The Readington Township tax assessor revoked the tax exemption and issued a tax assessment of \$3,300,000 for the property, \$2,000,000 of which was allocated to the facility.

The HMC filed with the Tax Court for the 2000 through 2005 tax years, wanting a tax exemption for the Wellness Center in its entirety (including the physical therapy service and cardio-pulmonary rehabilitation service, and the pediatric practice), arguing that the uses were necessary to the hospital’s mission to provide a continuum of care to members of the community. The Tax Court rejected its application of “reasonably necessary test,” finding it unhelpful in the evaluation of the particular use of this property.

The Court stated that no prior decision concerning “hospital purposes” exemption had concerned a hospital-owned facility having characteristics like those present in this matter: (1) a location distant from the main hospital campus; (2) not used for a purpose supportive of the hospital’s core function; and (3) used as part of the hospital’s continuum of care and its mission to enhance and improve the general health status of the population in the local area.

The Tax Court described the continuum of care to be a new element of hospital services. The Court devised its own framework for deciding between off-campus hospital facilities that would qualify for tax exemption under N.J.S.A. 54:4-3.6. The test had three components: (1) the nature and extent of the integration between the hospital and the subject facility; (2) the extent to which the activity conducted in the facility is under the control or supervision of the hospital staff; and (3) whether the facility serves primarily hospital patients or primarily members of the general public. Two considerations were added to the third component: the first relates to the extent to which the hospital facility competes with commercial or privately owned facilities in the area, and the second is whether an exemption can be granted in proportion to the percentage of use by hospital patients of a specific facility within a building.

The Tax Court applied that framework to the Center and separately to the physical therapy service, finding each should be declared ineligible for exemption. The Appellate Division accepted the Tax Court’s finding with the new test criteria applied. The HMC appealed. The Supreme Court granted HMC’s petition for certification.

The High Court found earlier definitions, i.e., a facility providing continuous long-term care for periods exceeding 24 hours, too restrictive.

It was held that any medical or diagnostic service that a hospital patient may require, whether preadmission, during a hospital stay, or postadmission, constitutes a “hospital purpose” under the tax exemption statute. When an off-site facility provides services, its operational activities must be integrated and supervised by hospital personnel.

The Supreme Court accepted the additional tests applied by the under Court but with a broader approach to the type of required supervision. The status of the physical therapy service was remanded to the Tax Court for further clarification.

The analysis for the term “hospital purposes” must meet the medical pursuits permitted to the “modern” hospital in New Jersey and can no longer just fit the needs of a nineteenth or even a twentieth century vision of a hospital building. Today, treatment is given on an outpatient basis at a hospital’s main facility and off-site facilities. The term “hospital purposes” should acknowledge the variety of activities that a modern hospital can be expected to perform for both inpatients and outpatients.

#### **Property Tax Exemption for Parsonage Residence**

*Chabad of Randolph, Inc. v. Township of Randolph*, decided December 31, 2008; New Jersey Superior Court, Appellate Division, Docket No. A-3244-07T3. The Township of Randolph appealed from a judgment entered by the State Tax Court which granted the Chabad of Randolph, Inc. a property tax exemption for a parsonage residence. The New Jersey Appellate Division affirmed the Tax Court’s decision.

The issues raised by the Township of Randolph concerning the Chabad of Randolph’s application for a property tax exemption were whether the rabbi met the definition of “officiating clergyman” and whether the premises in question was used in a fashion that would qualify for exemption as a parsonage under N.J.S.A. 54:4-3.6.

In September 2005, the Randolph Township zoning administrator observed activity which he believed demonstrated that the Chabad of Randolph’s parsonage property was being used as a Hebrew school. However, the zoning administrator admitted that while he observed a large number of people entering and leaving the premises, he had no personal knowledge as to what they were doing at the house. Randolph Township also contended that Chabad was using the property as a Jewish community center in violation of the zoning ordinance, and therefore was not entitled to a tax exemption.

In October 2005, the Township tax assessor denied the Chabad a parsonage exemption for the residence occupied by the religious organization’s rabbi. The Township maintained that the Chabad committed several zoning violations, and that “there was no proof that the rabbi was in fact installed over an established congregation.” The Chabad appealed the tax assessor’s denial of the property tax exemption to the Morris County Tax Board. On appeal, the Morris County Tax Board affirmed the assessor’s decision to deny the parsonage exemption.

The Chabad appealed to the Tax Court of New Jersey, where it reversed the Morris County Tax Board’s decision. Judge Kuskin, J.T.C., found that the rabbi’s testimony on the issue of “officiating clergyman” was credible, and that the property was used as a parsonage within the meaning

of the statute. Judge Kuskin concluded that the rabbi “was an officiating clergyman in that the duties and responsibilities described by him in his undisputed testimony ‘sound like those performed by congregational leaders of all religious denominations.’” The rabbi testified that his responsibilities included providing religious services, religious education, prayer services, sermons, weekly Torah readings, and officiating at various religious rituals such as marriages and funerals, overseeing preschool and adult religious educations, hiring staff, and overseeing the organization’s finances. The judge maintained that Randolph Township had not proven that the premises were being used in a manner that violated the zoning ordinance. Judge Kuskin’s decision was based on his assessment of the rabbi’s testimony, as well as the Township’s lack of proof. The record contains evidence of one zoning violation which was resolved by paying a \$250 fine and moving the religious school to another location. There was no proof that the Chabad violated the zoning ordinance in any other way. Judge Kuskin concluded that the Chabad carried its burden of proving that the rabbi’s Chabad-owned residence was entitled to a parsonage exemption as per N.J.S.A. 54:4-3.6, which exempts from taxation “the buildings, not exceeding two, actually occupied as a parsonage by the officiating clergymen of any religious corporation of this State.”

The Township of Randolph then appealed the Tax Court’s decision to the New Jersey Appellate Division. The Appellate Division agreed with the Tax Court and held that “the evidence overwhelmingly supports the conclusion that his residence is a ‘parsonage’ within the meaning of N.J.S.A. 54:4-3.6.” With this ruling the Chabad of Randolph was granted a property tax exemption for the parsonage residence.

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## **Sales and Use Tax**

#### **Statute of Limitations**

*Trump Plaza, Trump Marina, and Trump Taj Mahal Associates v. Director, Division of Taxation*, decided June 19, 2009; Docket Nos. 008825-2006; 008827-2006; 008826-2006. In this case, the Court found that there was no cause to allow an exception to the four-year statute of limitations involving refund claims for sales tax erroneously charged to the Trump Entities by Atlantic City Electric (ACE). The Court found that the argument to extend the statute of limitations was not compelling and that “the Director, on behalf of all other taxpayers should not be ordered to waive its protection.”

## New Jersey Division of Taxation

### APPENDICES

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## 2008 General and Effective Property Tax Rates By Municipality

| County                  | General<br>Tax Rate | Effective<br>Tax Rate | County                  | General<br>Tax Rate | Effective<br>Tax Rate |
|-------------------------|---------------------|-----------------------|-------------------------|---------------------|-----------------------|
| <b>Atlantic</b>         |                     |                       | Englewood Cliffs Bor.   | 0.721               | 0.748                 |
| Absecon City            | 1.839               | 1.935                 | Fair Lawn Borough       | 2.103               | 1.986                 |
| Atlantic City           | 1.666               | 1.520                 | Fairview Borough        | 3.956               | 1.866                 |
| Brigantine City         | 0.987               | 1.011                 | Fort Lee Borough        | 1.831               | 1.723                 |
| Buena Borough           | 2.329               | 2.282                 | Franklin Lakes Borough  | 1.154               | 1.212                 |
| Buena Vista Township    | 4.095               | 1.926                 | Garfield City           | 3.930               | 1.655                 |
| Corbin City             | 3.509               | 1.532                 | Glen Rock Borough       | 2.313               | 2.041                 |
| Egg Harbor City         | 2.599               | 2.345                 | Hackensack City         | 2.097               | 2.192                 |
| Egg Harbor Township     | 3.724               | 1.769                 | Harrington Park Borough | 1.771               | 1.712                 |
| Estell Manor City       | 2.435               | 1.326                 | Hasbrouck Heights Bor.  | 1.997               | 1.953                 |
| Folsom Borough          | 2.602               | 1.423                 | Haworth Borough         | 2.388               | 1.850                 |
| Galloway Township       | 3.517               | 1.707                 | Hillsdale Borough       | 1.873               | 1.850                 |
| Hamilton Township       | 3.797               | 1.775                 | Ho Ho Kus Borough       | 1.391               | 1.378                 |
| Hammonton Town          | 3.317               | 1.834                 | Leonora Borough         | 3.966               | 1.851                 |
| Linwood City            | 3.362               | 2.088                 | Little Ferry Borough    | 2.158               | 2.005                 |
| Longport Borough        | 0.722               | 0.605                 | Lodi Borough            | 2.790               | 2.238                 |
| Margate City            | 1.210               | 1.020                 | Lyndhurst Township      | 1.639               | 1.675                 |
| Mullica Township        | 3.694               | 1.746                 | Mahwah Township         | 1.976               | 1.200                 |
| Northfield City         | 4.239               | 1.916                 | Maywood Borough         | 1.871               | 1.893                 |
| Pleasantville City      | 4.629               | 2.141                 | Midland Park Borough    | 2.855               | 1.850                 |
| Port Republic City      | 3.122               | 1.516                 | Montvale Borough        | 1.514               | 1.630                 |
| Somers Point City       | 3.906               | 1.720                 | Moonachie Borough       | 1.641               | 1.568                 |
| Ventnor City            | 1.616               | 1.490                 | New Milford Borough     | 2.096               | 1.921                 |
| Weymouth Township       | 2.828               | 1.987                 | North Arlington Borough | 4.380               | 1.961                 |
| <b>Bergen</b>           |                     |                       | Northvale Borough       | 1.801               | 1.754                 |
| Allendale Borough       | 2.546               | 1.787                 | Norwood Borough         | 1.590               | 1.534                 |
| Alpine Borough          | 0.625               | 0.556                 | Oakland Borough         | 1.983               | 1.882                 |
| Bergenfield Borough     | 2.990               | 2.178                 | Old Tappan Borough      | 2.067               | 1.373                 |
| Bogota Borough          | 4.024               | 2.074                 | Oradell Borough         | 4.043               | 1.854                 |
| Carlstadt Borough       | 3.505               | 1.438                 | Palisades Park Borough  | 1.414               | 1.379                 |
| Cliffside Park Borough  | 2.114               | 1.445                 | Paramus Borough         | 1.482               | 1.260                 |
| Closter Borough         | 1.643               | 1.708                 | Park Ridge Borough      | 1.857               | 1.586                 |
| Cresskill Borough       | 2.101               | 1.489                 | Ramsey Borough          | 2.331               | 1.682                 |
| Demarest Borough        | 2.102               | 1.736                 | Ridgefield Borough      | 1.491               | 1.325                 |
| Dumont Borough          | 2.311               | 2.112                 | Ridgefield Park Village | 2.362               | 2.235                 |
| Elmwood Park Borough    | 2.302               | 1.824                 | Ridgewood Village       | 1.723               | 1.692                 |
| East Rutherford Borough | 2.841               | 1.379                 | River Edge Borough      | 2.316               | 1.981                 |
| Edgewater Borough       | 1.093               | 1.140                 | River Vale Township     | 1.891               | 1.686                 |
| Emerson Borough         | 1.840               | 1.862                 | Rochelle Park Township  | 2.593               | 1.598                 |
| Englewood City          | 1.906               | 1.856                 | Rockleigh Borough       | 0.647               | 0.793                 |
|                         |                     |                       | Rutherford Borough      | 2.041               | 1.953                 |

| County                    | General<br>Tax Rate | Effective<br>Tax Rate | County                 | General<br>Tax Rate | Effective<br>Tax Rate |
|---------------------------|---------------------|-----------------------|------------------------|---------------------|-----------------------|
| <b>Bergen</b> (continued) |                     |                       | Southampton Township   | 3.270               | 1.868                 |
| Saddle Brook Township     | 3.525               | 1.694                 | Springfield Township   | 2.217               | 1.992                 |
| Saddle River Borough      | 0.883               | 0.732                 | Tabernacle Township    | 2.274               | 1.976                 |
| South Hackensack Twp.     | 3.282               | 1.839                 | Washington Township    | 1.150               | 1.069                 |
| Teaneck Township          | 2.197               | 2.166                 | Westampton Township    | 3.104               | 1.737                 |
| Tenafly Borough           | 2.585               | 1.848                 | Willingboro Township   | 5.277               | 2.740                 |
| Teterboro Borough         | 0.944               | 0.807                 | Woodland Township      | 1.652               | 1.616                 |
| Upper Saddle River Bor.   | 1.965               | 1.353                 | Wrightstown Borough    | 2.088               | 1.605                 |
| Waldwick Borough          | 2.158               | 1.964                 |                        |                     |                       |
| Wallington Borough        | 1.691               | 1.675                 | <b>Camden</b>          |                     |                       |
| Washington Township       | 1.700               | 1.624                 | Audubon Borough        | 5.319               | 2.525                 |
| Westwood Borough          | 2.093               | 1.735                 | Audubon Park Borough   | 7.987               | 7.883                 |
| Woodcliff Lake Borough    | 2.049               | 1.507                 | Barrington Borough     | 6.070               | 3.023                 |
| Wood-Ridge Borough        | 3.037               | 1.760                 | Bellmawr Borough       | 5.416               | 2.691                 |
| Wyckoff Township          | 1.391               | 1.397                 | Berlin Borough         | 4.393               | 2.231                 |
|                           |                     |                       | Berlin Township        | 4.593               | 2.670                 |
| <b>Burlington</b>         |                     |                       | Brooklawn Borough      | 4.217               | 2.379                 |
| Bass River Township       | 1.337               | 1.382                 | Camden City            | 4.635               | 2.345                 |
| Beverly City              | 5.226               | 2.898                 | Cherry Hill Township   | 5.203               | 2.400                 |
| Bordentown City           | 2.300               | 2.484                 | Chesilhurst Borough    | 2.240               | 2.405                 |
| Bordentown Township       | 4.160               | 2.065                 | Clementon Borough      | 4.883               | 2.944                 |
| Burlington City           | 3.843               | 2.198                 | Collingswood Borough   | 2.459               | 2.436                 |
| Burlington Township       | 2.289               | 1.847                 | Gibbsboro Borough      | 4.099               | 2.564                 |
| Chesterfield Township     | 1.638               | 1.827                 | Gloucester City        | 4.467               | 2.457                 |
| Cinnaminson Township      | 2.083               | 2.170                 | Gloucester Township    | 5.004               | 2.534                 |
| Delanco Township          | 2.048               | 2.132                 | Haddon Township        | 5.280               | 2.651                 |
| Delran Township           | 2.670               | 2.235                 | Haddonfield Borough    | 2.310               | 2.391                 |
| Eastampton Township       | 2.244               | 2.225                 | Haddon Heights Borough | 2.603               | 2.676                 |
| Edgewater Park Township   | 4.173               | 2.021                 | Hi-Nella Borough       | 5.344               | 2.857                 |
| Evesham Township          | 4.480               | 2.156                 | Laurel Springs Borough | 5.906               | 3.228                 |
| Fieldsboro Borough        | 5.049               | 2.176                 | Lawnside Borough       | 4.484               | 2.891                 |
| Florence Township         | 3.922               | 1.963                 | Lindenwold Borough     | 6.075               | 2.997                 |
| Hainesport Township       | 3.390               | 1.656                 | Magnolia Borough       | 5.501               | 2.991                 |
| Lumberton Township        | 1.971               | 1.868                 | Merchantville Borough  | 5.046               | 2.770                 |
| Mansfield Township        | 1.857               | 1.833                 | Mount Ephraim Borough  | 5.610               | 3.161                 |
| Maple Shade Township      | 2.223               | 2.196                 | Oaklyn Borough         | 5.318               | 2.822                 |
| Medford Township          | 4.277               | 2.241                 | Pennsauken Township    | 4.451               | 2.533                 |
| Medford Lakes Borough     | 5.225               | 2.517                 | Pine Hill Borough      | 6.080               | 3.068                 |
| Moorestown Township       | 1.842               | 1.956                 | Pine Valley Borough    | 1.381               | 1.378                 |
| Mount Holly Township      | 4.875               | 2.188                 | Runnemede Borough      | 4.978               | 2.845                 |
| Mount Laurel Township     | 3.768               | 1.912                 | Somerdale Borough      | 5.486               | 3.101                 |
| New Hanover Township      | 2.400               | 1.597                 | Stratford Borough      | 5.386               | 3.090                 |
| North Hanover Township    | 2.984               | 1.518                 | Tavistock Borough      | 1.268               | 1.254                 |
| Palmyra Borough           | 4.453               | 2.396                 | Voorhees Township      | 2.456               | 2.396                 |
| Pemberton Borough         | 3.000               | 1.572                 | Waterford Township     | 4.771               | 2.544                 |
| Pemberton Township        | 3.445               | 1.788                 | Winslow Township       | 4.688               | 2.387                 |
| Riverside Township        | 2.809               | 2.402                 | Woodlynne Borough      | 7.650               | 3.839                 |
| Riverton Borough          | 5.226               | 2.526                 |                        |                     |                       |
| Shamong Township          | 3.843               | 1.946                 |                        |                     |                       |

| County                 | General<br>Tax Rate | Effective<br>Tax Rate | County                  | General<br>Tax Rate | Effective<br>Tax Rate |
|------------------------|---------------------|-----------------------|-------------------------|---------------------|-----------------------|
| <b>Cape May</b>        |                     |                       | North Caldwell Borough  | 1.602               | 1.653                 |
| Avalon Borough         | 0.368               | 0.366                 | Nutley Township         | 2.284               | 2.155                 |
| Cape May City          | 0.833               | 0.684                 | Orange City             | 2.951               | 2.656                 |
| Cape May Point Borough | 0.791               | 0.414                 | Roseland Borough        | 12.083              | 1.566                 |
| Dennis Township        | 1.096               | 1.091                 | S. Orange Village Twp.  | 2.445               | 2.470                 |
| Lower Township         | 1.061               | 1.123                 | Verona Township         | 9.608               | 1.881                 |
| Middle Township        | 1.185               | 1.240                 | West Caldwell Township  | 3.802               | 1.816                 |
| North Wildwood City    | 0.785               | 0.876                 | West Orange Township    | 12.126              | 2.693                 |
| Ocean City             | 0.676               | 0.635                 |                         |                     |                       |
| Sea Isle City          | 0.518               | 0.502                 | <b>Gloucester</b>       |                     |                       |
| Stone Harbor Borough   | 0.529               | 0.398                 | Clayton Borough         | 4.758               | 2.663                 |
| Upper Township         | 1.158               | 1.191                 | Deptford Township       | 3.784               | 2.210                 |
| West Cape May Borough  | 0.945               | 0.980                 | East Greenwich Township | 4.237               | 2.136                 |
| West Wildwood Borough  | 1.452               | 1.022                 | Elk Township            | 2.199               | 2.299                 |
| Wildwood City          | 1.657               | 1.464                 | Franklin Township       | 3.980               | 2.066                 |
| Wildwood Crest Borough | 1.373               | 0.816                 | Glassboro Borough       | 5.110               | 2.975                 |
| Woodbine Borough       | 1.099               | 1.159                 | Greenwich Township      | 3.436               | 2.266                 |
|                        |                     |                       | Harrison Township       | 3.875               | 2.063                 |
| <b>Cumberland</b>      |                     |                       | Logan Township          | 3.375               | 1.908                 |
| Bridgeton City         | 4.888               | 3.027                 | Mantua Township         | 4.684               | 2.379                 |
| Commercial Township    | 4.225               | 2.113                 | Monroe Township         | 2.549               | 2.497                 |
| Deerfield Township     | 3.223               | 2.376                 | National Park Borough   | 5.569               | 2.974                 |
| Downe Township         | 3.688               | 1.715                 | Newfield Borough        | 2.204               | 2.363                 |
| Fairfield Township     | 3.608               | 2.095                 | Paulsboro Borough       | 4.752               | 2.632                 |
| Greenwich Township     | 3.257               | 2.800                 | Pitman Borough          | 5.073               | 2.634                 |
| Hopewell Township      | 3.863               | 2.430                 | S. Harrison Township    | 3.562               | 2.122                 |
| Lawrence Township      | 4.013               | 2.214                 | Swedesboro Borough      | 5.505               | 2.729                 |
| Maurice River Township | 4.068               | 1.990                 | Washington Township     | 4.726               | 2.367                 |
| Millville City         | 3.025               | 2.362                 | Wenonah Borough         | 2.373               | 2.595                 |
| Shiloh Borough         | 3.674               | 2.235                 | West Deptford Township  | 4.084               | 2.245                 |
| Stow Creek Township    | 2.798               | 2.538                 | Westville Borough       | 5.282               | 2.977                 |
| Upper Deerfield Twp.   | 3.783               | 2.247                 | Woodbury City           | 6.251               | 3.298                 |
| Vineland City          | 4.025               | 1.939                 | Woodbury Heights Bor.   | 4.259               | 2.841                 |
|                        |                     |                       | Woolwich Township       | 4.605               | 2.315                 |
| <b>Essex</b>           |                     |                       | <b>Hudson</b>           |                     |                       |
| Belleville Township    | 2.451               | 2.289                 | Bayonne City            | 6.052               | 2.238                 |
| Bloomfield Township    | 5.892               | 2.327                 | East Newark Borough     | 8.022               | 1.599                 |
| Caldwell Borough Twp.  | 2.190               | 1.972                 | Guttenberg Town         | 5.622               | 1.984                 |
| Cedar Grove Township   | 11.462              | 1.564                 | Harrison Town           | 5.396               | 1.837                 |
| East Orange City       | 2.639               | 2.897                 | Hoboken City            | 4.293               | 1.258                 |
| Essex Fells Township   | 1.617               | 1.448                 | Jersey City             | 5.552               | 1.426                 |
| Fairfield Township     | 2.787               | 1.443                 | Kearny Town             | 8.776               | 2.240                 |
| Glen Ridge Bor. Twp.   | 2.687               | 2.483                 | North Bergen Township   | 4.362               | 1.950                 |
| Irvington Township     | 2.549               | 2.823                 | Secaucus Town           | 3.230               | 1.456                 |
| Livingston Township    | 14.772              | 1.795                 | Union City              | 5.474               | 2.090                 |
| Maplewood Township     | 4.481               | 2.420                 | Weehawken Township      | 3.504               | 1.692                 |
| Millburn Township      | 1.669               | 1.606                 | West New York Town      | 5.620               | 1.949                 |
| Montclair Township     | 2.301               | 2.353                 |                         |                     |                       |
| Newark City            | 2.599               | 1.574                 |                         |                     |                       |

| County                | General<br>Tax Rate | Effective<br>Tax Rate | County                  | General<br>Tax Rate | Effective<br>Tax Rate |
|-----------------------|---------------------|-----------------------|-------------------------|---------------------|-----------------------|
| <b>Hunterdon</b>      |                     |                       | East Brunswick Township | 8.290               | 2.073                 |
| Alexandria Township   | 2.038               | 1.812                 | Edison Township         | 3.945               | 1.873                 |
| Bethlehem Township    | 2.813               | 2.088                 | Helmetta Borough        | 1.965               | 1.926                 |
| Bloomsbury Borough    | 1.861               | 1.896                 | Highland Park Borough   | 6.301               | 2.243                 |
| Califon Borough       | 2.328               | 2.336                 | Jamesburg Borough       | 4.810               | 2.075                 |
| Clinton Town          | 2.326               | 2.230                 | Metuchen Borough        | 4.594               | 1.934                 |
| Clinton Township      | 1.969               | 1.929                 | Middlesex Borough       | 7.022               | 2.079                 |
| Delaware Township     | 2.059               | 1.765                 | Milltown Borough        | 4.047               | 1.825                 |
| East Amwell Township  | 1.748               | 1.633                 | Monroe Township         | 3.294               | 1.530                 |
| Flemington Borough    | 2.192               | 2.085                 | New Brunswick City      | 4.884               | 1.766                 |
| Franklin Township     | 2.268               | 1.886                 | North Brunswick Twp.    | 4.351               | 2.105                 |
| Frenchtown Borough    | 2.551               | 2.011                 | Old Bridge Township     | 4.041               | 1.718                 |
| Glen Gardner Borough  | 2.789               | 1.895                 | Perth Amboy City        | 2.177               | 2.048                 |
| Hampton Borough       | 2.301               | 2.264                 | Piscataway Township     | 5.648               | 1.837                 |
| High Bridge Borough   | 3.028               | 2.611                 | Plainsboro Township     | 1.979               | 1.923                 |
| Holland Township      | 1.852               | 1.663                 | Sayreville Borough      | 3.992               | 1.659                 |
| Kingwood Township     | 1.660               | 1.608                 | South Amboy City        | 1.810               | 1.508                 |
| Lambertville City     | 1.557               | 1.481                 | South Brunswick Twp.    | 3.884               | 1.815                 |
| Lebanon Borough       | 1.562               | 1.605                 | South Plainfield Bor.   | 4.688               | 1.719                 |
| Lebanon Township      | 2.665               | 1.770                 | South River Borough     | 6.237               | 1.547                 |
| Milford Borough       | 2.929               | 2.247                 | Spotswood Borough       | 2.590               | 2.082                 |
| Raritan Township      | 1.987               | 1.896                 | Woodbridge Township     | 7.328               | 1.736                 |
| Readington Township   | 2.521               | 1.879                 |                         |                     |                       |
| Stockton Borough      | 1.603               | 1.723                 | <b>Monmouth</b>         |                     |                       |
| Tewksbury Township    | 2.187               | 1.528                 | Aberdeen Township       | 5.260               | 1.987                 |
| Union Township        | 2.683               | 1.763                 | Allenhurst Borough      | 0.580               | 0.606                 |
| West Amwell Township  | 1.831               | 1.575                 | Allentown Borough       | 4.441               | 2.082                 |
|                       |                     |                       | Asbury Park City        | 4.812               | 1.438                 |
| <b>Mercer</b>         |                     |                       | Atlantic Highlands Bor. | 2.213               | 1.589                 |
| East Windsor Township | 5.168               | 2.320                 | Avon-by-the-Sea Bor.    | 0.919               | 0.857                 |
| Ewing Township        | 4.488               | 2.276                 | Belmar Borough          | 1.791               | 1.026                 |
| Hamilton Township     | 3.957               | 2.028                 | Bradley Beach Borough   | 1.183               | 1.159                 |
| Hightstown Borough    | 6.463               | 2.687                 | Brielle Borough         | 1.152               | 1.257                 |
| Hopewell Borough      | 2.023               | 2.087                 | Colts Neck Township     | 3.192               | 1.331                 |
| Hopewell Township     | 1.949               | 2.025                 | Deal Borough            | 1.174               | 0.490                 |
| Lawrence Township     | 4.005               | 1.909                 | Eatontown Borough       | 1.678               | 1.717                 |
| Pennington Borough    | 2.034               | 2.100                 | Englishtown Borough     | 1.591               | 1.694                 |
| Princeton Borough     | 4.162               | 1.672                 | Fair Haven Borough      | 2.196               | 1.565                 |
| Princeton Township    | 3.566               | 1.690                 | Farmingdale Borough     | 1.692               | 1.628                 |
| Robbinsville Township | 2.078               | 2.242                 | Freehold Borough        | 2.127               | 1.836                 |
| Trenton City          | 4.383               | 2.639                 | Freehold Township       | 3.497               | 1.651                 |
| West Windsor Township | 2.102               | 2.125                 | Hazlet Township         | 4.658               | 1.859                 |
|                       |                     |                       | Highlands Borough       | 2.703               | 1.812                 |
| <b>Middlesex</b>      |                     |                       | Holmdel Township        | 1.556               | 1.550                 |
| Carteret Borough      | 5.076               | 1.968                 | Howell Township         | 1.922               | 1.864                 |
| Cranbury Township     | 1.534               | 1.547                 | Interlaken Borough      | 1.487               | 1.005                 |
| Dunellen Borough      | 10.728              | 2.135                 |                         |                     |                       |

| County                      | General<br>Tax Rate | Effective<br>Tax Rate | County                     | General<br>Tax Rate | Effective<br>Tax Rate |
|-----------------------------|---------------------|-----------------------|----------------------------|---------------------|-----------------------|
| <b>Monmouth (continued)</b> |                     |                       | Kinnelon Borough           | 2.664               | 1.796                 |
| Keansburg Borough           | 1.912               | 1.868                 | Lincoln Park Borough       | 4.158               | 1.795                 |
| Keyport Borough             | 4.764               | 1.991                 | Long Hill Township         | 2.564               | 1.743                 |
| Lake Como Borough           | 1.268               | 1.258                 | Madison Borough            | 2.478               | 1.434                 |
| Little Silver Borough       | 2.145               | 1.616                 | Mendham Borough            | 1.458               | 1.527                 |
| Loch Arbour Village         | 0.622               | 0.676                 | Mendham Township           | 1.554               | 1.510                 |
| Long Branch City            | 1.422               | 1.443                 | Mine Hill Township         | 1.889               | 1.851                 |
| Manalapan Township          | 1.699               | 1.667                 | Montville Township         | 3.131               | 1.623                 |
| Manasquan Borough           | 1.469               | 1.064                 | Morris Township            | 2.264               | 1.523                 |
| Marlboro Township           | 4.129               | 1.701                 | Morris Plains Borough      | 3.162               | 1.606                 |
| Matawan Borough             | 2.301               | 2.194                 | Morristown Town            | 2.348               | 1.777                 |
| Middletown Township         | 3.787               | 1.498                 | Mountain Lakes Borough     | 1.767               | 1.849                 |
| Millstone Township          | 2.548               | 1.648                 | Mount Arlington Borough    | 2.131               | 1.708                 |
| Monmouth Beach Bor.         | 1.165               | 1.001                 | Mount Olive Township       | 2.265               | 2.137                 |
| Neptune Township            | 2.156               | 1.521                 | Netcong Borough            | 2.084               | 2.139                 |
| Neptune City Borough        | 2.301               | 1.695                 | Parsippany-Troy Hills Twp. | 2.227               | 1.738                 |
| Ocean Township              | 1.799               | 1.418                 | Pequannock Township        | 1.620               | 1.610                 |
| Oceanport Borough           | 1.411               | 1.452                 | Randolph Township          | 3.042               | 1.771                 |
| Red Bank Borough            | 1.594               | 1.554                 | Riverdale Borough          | 1.438               | 1.358                 |
| Roosevelt Borough           | 2.143               | 2.294                 | Rockaway Borough           | 2.253               | 1.825                 |
| Rumson Borough              | 1.418               | 1.132                 | Rockaway Township          | 3.279               | 2.122                 |
| Sea Bright Borough          | 1.659               | 0.999                 | Roxbury Township           | 3.638               | 1.845                 |
| Sea Girt Borough            | 0.701               | 0.705                 | Victory Gardens Borough    | 1.654               | 1.610                 |
| Shrewsbury Borough          | 2.464               | 1.727                 | Washington Township        | 1.957               | 1.868                 |
| Shrewsbury Township         | 2.176               | 1.982                 | Wharton Borough            | 1.977               | 1.906                 |
| Spring Lake Borough         | 0.646               | 0.615                 |                            |                     |                       |
| Spring Lake Heights Bor.    | 1.178               | 1.124                 | <b>Ocean</b>               |                     |                       |
| Tinton Falls Borough        | 1.679               | 1.497                 | Barnegat Township          | 1.631               | 1.731                 |
| Union Beach Borough         | 2.909               | 1.896                 | Barnegat Light Borough     | 0.745               | 0.644                 |
| Upper Freehold Township     | 1.659               | 1.697                 | Bay Head Borough           | 1.087               | 0.614                 |
| Wall Township               | 2.413               | 1.360                 | Beach Haven Borough        | 1.022               | 0.787                 |
| West Long Branch Bor.       | 1.728               | 1.596                 | Beachwood Borough          | 1.476               | 1.440                 |
|                             |                     |                       | Berkeley Township          | 3.268               | 1.366                 |
| <b>Morris</b>               |                     |                       | Brick Township             | 3.800               | 1.379                 |
| Boonton Town                | 1.910               | 1.837                 | Eagleswood Township        | 1.620               | 1.496                 |
| Boonton Township            | 1.423               | 1.475                 | Harvey Cedars Borough      | 0.710               | 0.687                 |
| Butler Borough              | 2.697               | 1.876                 | Island Heights Borough     | 1.519               | 1.264                 |
| Chatham Borough             | 1.600               | 1.399                 | Jackson Township           | 3.904               | 1.561                 |
| Chatham Township            | 1.552               | 1.348                 | Lacey Township             | 3.292               | 1.317                 |
| Chester Borough             | 1.892               | 1.842                 | Lakehurst Borough          | 1.704               | 1.700                 |
| Chester Township            | 1.660               | 1.688                 | Lakewood Township          | 1.691               | 1.636                 |
| Denville Township           | 2.585               | 1.667                 | Lavallette Borough         | 0.843               | 0.633                 |
| Dover Town                  | 4.012               | 1.612                 | Little Egg Harbor Twp.     | 1.447               | 1.482                 |
| East Hanover Township       | 1.890               | 1.266                 | Long Beach Township        | 0.809               | 0.683                 |
| Florham Park Borough        | 1.190               | 1.202                 | Manchester Township        | 3.156               | 1.416                 |
| Hanover Township            | 2.539               | 1.234                 | Mantoloking Borough        | 0.425               | 0.479                 |
| Harding Township            | 1.036               | 0.754                 | Ocean Township             | 1.494               | 1.311                 |
| Jefferson Township          | 1.779               | 1.795                 | Ocean Gate Borough         | 1.901               | 1.751                 |

| County                   | General<br>Tax Rate | Effective<br>Tax Rate | County                   | General<br>Tax Rate | Effective<br>Tax Rate |
|--------------------------|---------------------|-----------------------|--------------------------|---------------------|-----------------------|
| <b>Ocean (continued)</b> |                     |                       | <b>Somerset</b>          |                     |                       |
| Pine Beach Borough       | 1.444               | 1.339                 | Bedminster Township      | 1.114               | 1.079                 |
| Plumsted Township        | 1.345               | 1.509                 | Bernards Township        | 1.562               | 1.537                 |
| Point Pleasant Borough   | 3.662               | 1.351                 | Bernardsville Borough    | 1.382               | 1.393                 |
| Pt. Pleasant Beach Bor.  | 0.905               | 0.983                 | Bound Brook Borough      | 5.049               | 2.269                 |
| Seaside Heights Borough  | 1.210               | 1.218                 | Branchburg Township      | 1.865               | 1.790                 |
| Seaside Park Borough     | 2.062               | 1.022                 | Bridgewater Township     | 1.722               | 1.584                 |
| Ship Bottom Borough      | 0.942               | 0.757                 | Far Hills Borough        | 0.923               | 0.941                 |
| South Toms River Bor.    | 1.669               | 1.625                 | Franklin Township        | 1.899               | 1.848                 |
| Stafford Township        | 1.763               | 1.483                 | Green Brook Township     | 2.036               | 1.936                 |
| Surf City Borough        | 0.876               | 0.731                 | Hillsborough Township    | 2.974               | 1.810                 |
| Toms River Township      | 3.277               | 1.223                 | Manville Borough         | 2.074               | 2.032                 |
| Tuckerton Borough        | 2.002               | 1.597                 | Millstone Borough        | 1.699               | 1.916                 |
| <b>Passaic</b>           |                     |                       | Montgomery Township      | 2.514               | 1.929                 |
| Bloomington Borough      | 5.679               | 2.326                 | North Plainfield Borough | 5.675               | 2.448                 |
| Clifton City             | 4.301               | 2.015                 | Peapack & Gladstone Bor. | 1.621               | 1.463                 |
| Haledon Borough          | 5.323               | 2.415                 | Raritan Borough          | 2.042               | 1.836                 |
| Hawthorne Borough        | 4.487               | 2.006                 | Rocky Hill Borough       | 3.435               | 1.567                 |
| Little Falls Township    | 5.018               | 1.854                 | Somerville Borough       | 5.055               | 2.320                 |
| North Haledon Borough    | 6.066               | 1.714                 | South Bound Brook Bor.   | 5.546               | 2.498                 |
| Passaic City             | 6.067               | 2.216                 | Warren Township          | 1.703               | 1.537                 |
| Paterson City            | 1.853               | 2.028                 | Watchung Borough         | 1.680               | 1.554                 |
| Pompton Lakes Borough    | 5.622               | 2.354                 | <b>Sussex</b>            |                     |                       |
| Prospect Park Borough    | 5.721               | 2.373                 | Andover Borough          | 3.083               | 1.817                 |
| Ringwood Borough         | 4.923               | 2.156                 | Andover Township         | 3.002               | 2.059                 |
| Totowa Borough           | 3.539               | 1.774                 | Branchville Borough      | 1.760               | 1.638                 |
| Wanaque Borough          | 5.687               | 2.302                 | Byram Township           | 4.899               | 2.150                 |
| Wayne Township           | 4.175               | 1.981                 | Frankford Township       | 1.696               | 1.770                 |
| West Milford Township    | 5.647               | 2.247                 | Franklin Borough         | 4.634               | 2.143                 |
| Woodland Park Borough    | 4.257               | 1.931                 | Fredon Township          | 1.833               | 1.838                 |
| <b>Salem</b>             |                     |                       | Green Township           | 2.194               | 2.080                 |
| Alloway Township         | 3.340               | 2.342                 | Hamburg Borough          | 3.815               | 2.069                 |
| Carneys Point Township   | 4.474               | 2.522                 | Hampton Township         | 3.639               | 1.798                 |
| Elmer Borough            | 2.430               | 2.435                 | Hardyston Township       | 3.289               | 1.668                 |
| Elsinboro Township       | 2.033               | 2.381                 | Hopatcong Borough        | 1.769               | 1.958                 |
| Lower Alloways Crk. Twp. | 1.033               | 0.928                 | Lafayette Township       | 1.801               | 1.779                 |
| Mannington Township      | 2.160               | 2.303                 | Montague Township        | 3.464               | 1.627                 |
| Oldmans Township         | 4.239               | 2.487                 | Newton Town              | 2.426               | 2.422                 |
| Penns Grove Borough      | 6.190               | 3.323                 | Ogdensburg Borough       | 4.873               | 2.306                 |
| Pennsville Township      | 4.370               | 2.646                 | Sandyston Township       | 1.710               | 1.609                 |
| Pilesgrove Township      | 2.132               | 2.158                 | Sparta Township          | 2.984               | 1.951                 |
| Pittsgrove Township      | 2.889               | 2.328                 | Stanhope Borough         | 2.359               | 2.343                 |
| Quinton Township         | 2.120               | 2.654                 | Stillwater Township      | 4.326               | 1.855                 |
| Salem City               | 3.339               | 3.266                 | Sussex Borough           | 4.085               | 2.136                 |
| Upper Pittsgrove Twp.    | 1.999               | 2.094                 | Vernon Township          | 4.228               | 1.972                 |
| Woodstown Borough        | 2.370               | 2.550                 | Walpack Township         | 0.760               | 0.631                 |
|                          |                     |                       | Wantage Township         | 1.902               | 1.937                 |

| County                 | General<br>Tax Rate | Effective<br>Tax Rate | County                 | General<br>Tax Rate | Effective<br>Tax Rate |
|------------------------|---------------------|-----------------------|------------------------|---------------------|-----------------------|
| <b>Union</b>           |                     |                       | <b>Warren</b>          |                     |                       |
| Berkeley Heights Twp.  | 3.103               | 1.630                 | Allamuchy Township     | 2.203               | 1.678                 |
| Clark Township         | 6.845               | 1.756                 | Alpha Borough          | 2.766               | 2.365                 |
| Cranford Township      | 4.671               | 1.825                 | Belvidere Town         | 4.545               | 2.249                 |
| Elizabeth City         | 18.822              | 1.819                 | Blairstown Township    | 1.688               | 1.604                 |
| Fanwood Borough        | 10.832              | 2.069                 | Franklin Township      | 2.611               | 2.259                 |
| Garwood Borough        | 7.334               | 2.044                 | Frelinghuysen Township | 2.100               | 1.858                 |
| Hillside Township      | 6.490               | 2.516                 | Greenwich Township     | 2.545               | 1.821                 |
| Kenilworth Borough     | 3.538               | 1.619                 | Hackettstown Town      | 4.156               | 2.333                 |
| Linden City            | 4.703               | 2.074                 | Hardwick Township      | 2.938               | 1.801                 |
| Mountainside Borough   | 5.200               | 1.297                 | Harmony Township       | 2.243               | 1.548                 |
| New Providence Borough | 3.739               | 1.894                 | Hope Township          | 1.844               | 1.900                 |
| Plainfield City        | 5.979               | 2.163                 | Independence Township  | 1.978               | 1.797                 |
| Rahway City            | 4.756               | 2.018                 | Knowlton Township      | 3.162               | 1.957                 |
| Roselle Borough        | 7.041               | 3.034                 | Liberty Township       | 2.856               | 2.040                 |
| Roselle Park Borough   | 10.940              | 2.341                 | Lopatcong Township     | 1.985               | 1.995                 |
| Scotch Plains Township | 8.474               | 1.961                 | Mansfield Township     | 2.875               | 2.007                 |
| Springfield Township   | 5.490               | 1.987                 | Oxford Township        | 2.235               | 2.266                 |
| Summit City            | 3.435               | 1.464                 | Phillipsburg Town      | 3.994               | 2.089                 |
| Union Township         | 14.976              | 2.047                 | Pohatcong Township     | 3.450               | 2.366                 |
| Westfield Town         | 6.669               | 1.646                 | Washington Borough     | 4.027               | 2.593                 |
| Winfield Township      | 192.889             | 16.132                | Washington Township    | 2.913               | 2.122                 |
|                        |                     |                       | White Township         | 1.864               | 1.487                 |

# Abstract of Ratables and Exemptions 2008

|            | Col. 1            | Col. 2                                                                  | Col. 3                                                                     | Col. 4                                                                             |
|------------|-------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------|
|            | TAXABLE VALUE     |                                                                         |                                                                            |                                                                                    |
| COUNTY     | (a)<br>Land       | (b)<br>Improvements<br>(Includes Partial<br>Exemptions &<br>Abatements) | Total Taxable<br>Value of<br>Land and<br>Improvements<br>(Col. 1(a) + (b)) | Total Taxable<br>Value—Partial<br>Exemptions and<br>Abatements<br>(Assessed Value) |
| Atlantic   | \$ 21,077,273,950 | \$ 23,528,748,950                                                       | \$ 44,606,022,900                                                          | \$ 19,937,400                                                                      |
| Bergen     | 83,015,806,828    | 71,601,316,289                                                          | 154,617,123,117                                                            | 8,682,100                                                                          |
| Burlington | 11,254,777,551    | 23,803,996,601                                                          | 35,058,774,152                                                             | 57,475,600                                                                         |
| Camden     | 7,993,140,143     | 17,433,551,377                                                          | 25,426,691,520                                                             | 60,193,000                                                                         |
| Cape May   | 35,935,111,800    | 15,435,236,447                                                          | 51,370,348,247                                                             | 3,934,300                                                                          |
| Cumberland | 1,285,669,850     | 4,203,150,665                                                           | 5,488,820,515                                                              | 18,934,000                                                                         |
| Essex      | 27,282,217,881    | 33,825,592,350                                                          | 61,107,810,231                                                             | 401,765,800                                                                        |
| Gloucester | 4,597,109,251     | 12,127,936,200                                                          | 16,725,045,451                                                             | 35,067,100                                                                         |
| Hudson     | 7,540,835,916     | 14,470,776,945                                                          | 22,011,612,861                                                             | 208,512,200                                                                        |
| Hunterdon  | 8,740,385,677     | 12,710,118,053                                                          | 21,450,503,730                                                             | 10,365,500                                                                         |
| Mercer     | 11,485,788,920    | 19,527,460,752                                                          | 31,013,249,672                                                             | 52,050,640                                                                         |
| Middlesex  | 17,190,723,636    | 31,324,047,124                                                          | 48,514,770,760                                                             | 82,421,200                                                                         |
| Monmouth   | 45,773,729,490    | 45,740,101,458                                                          | 91,513,830,948                                                             | 71,835,580                                                                         |
| Morris     | 36,734,868,924    | 39,972,681,515                                                          | 76,707,550,439                                                             | 6,946,900                                                                          |
| Ocean      | 37,885,890,568    | 30,536,243,945                                                          | 68,422,134,513                                                             | 2,669,200                                                                          |
| Passaic    | 13,272,650,879    | 16,990,321,886                                                          | 30,262,972,765                                                             | 2,736,800                                                                          |
| Salem      | 1,233,536,283     | 3,091,128,033                                                           | 4,324,664,316                                                              | 21,500                                                                             |
| Somerset   | 21,267,379,170    | 33,351,180,716                                                          | 54,618,559,886                                                             | 7,822,350                                                                          |
| Sussex     | 6,212,659,367     | 8,862,871,631                                                           | 15,075,530,998                                                             | 34,807,000                                                                         |
| Union      | 9,606,629,550     | 14,373,800,875                                                          | 23,980,430,425                                                             | 34,807,000                                                                         |
| Warren     | 3,471,029,386     | 6,906,798,089                                                           | 10,377,827,475                                                             | 2,891,000                                                                          |
| TOTALS     | \$412,857,215,020 | \$479,817,059,901                                                       | \$892,674,274,921                                                          | \$1,089,069,170                                                                    |
|            |                   |                                                                         |                                                                            | \$891,585,205,751                                                                  |

# Abstract of Ratables and Exemptions 2008 (continued)

| Col. 5                                                                                                                              | Col. 6                                   | Col. 7                                                 | Col. 8                                                                                                                                    | Col. 9                                                                                                       | Col. 10                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Taxable Value<br>of Machinery,<br>Implements and<br>Equipment of<br>Telephone,<br>Telegraph and<br>Messenger<br>System<br>Companies | Net Valuation<br>Taxable<br>(Col. 4 + 5) | General Tax<br>Rate to Apply<br>per \$100<br>Valuation | County<br>Equalization<br>Table—Average<br>Ratio of<br>Assessed to<br>True Value of<br>Real Property<br>(R.S. 54:3-17 to<br>R.S. 54:3-19) | TRUE VALUE<br>(a) U.E.Z.<br>Abatement<br>Expired<br>(b) Class II<br>Railroad<br>Property<br>(C.139, L. 1966) | EQUALIZATION<br>(a) Amounts<br>Deducted<br>Under<br>R.S. 54:3-17 to<br>R.S. 54:3-19 |
| <b>COUNTY</b>                                                                                                                       |                                          |                                                        |                                                                                                                                           |                                                                                                              |                                                                                     |
| <b>Atlantic</b>                                                                                                                     | \$ 54,703,566                            | \$ 44,640,789,066                                      |                                                                                                                                           | \$ 104,400                                                                                                   | \$ 169,937,417                                                                      |
| <b>Bergen</b>                                                                                                                       | 220,878,563                              | 154,829,319,580                                        |                                                                                                                                           |                                                                                                              | 1,218,618,528                                                                       |
| <b>Burlington</b>                                                                                                                   | 83,242,577                               | 35,084,541,129                                         |                                                                                                                                           | (9,672,851)                                                                                                  | 489,846,965                                                                         |
| <b>Camden</b>                                                                                                                       | 85,089,822                               | 25,451,588,342                                         |                                                                                                                                           |                                                                                                              | 104,904,323                                                                         |
| <b>Cape May</b>                                                                                                                     | 38,415,136                               | 51,404,829,083                                         |                                                                                                                                           |                                                                                                              | 897,815,035                                                                         |
| <b>Cumberland</b>                                                                                                                   | 23,333,721                               | 5,487,565,336*                                         |                                                                                                                                           |                                                                                                              |                                                                                     |
| <b>Essex</b>                                                                                                                        | 146,888,187                              | 60,852,932,618                                         |                                                                                                                                           |                                                                                                              | 875,151,342                                                                         |
| <b>Gloucester</b>                                                                                                                   | 173,078,094                              | 16,863,056,445                                         |                                                                                                                                           |                                                                                                              | 52,300,352                                                                          |
| <b>Hudson</b>                                                                                                                       | 38,412,138                               | 21,841,512,799                                         |                                                                                                                                           |                                                                                                              | 18,585,991                                                                          |
| <b>Hunterdon</b>                                                                                                                    | 63,405,823                               | 21,503,544,053                                         |                                                                                                                                           |                                                                                                              |                                                                                     |
| <b>Mercer</b>                                                                                                                       | 76,645,567                               | 31,037,844,599                                         |                                                                                                                                           | (2,215,984)                                                                                                  | 461,930,384                                                                         |
| <b>Middlesex</b>                                                                                                                    | 111,903,480                              | 48,544,253,040                                         |                                                                                                                                           |                                                                                                              | 15,801,413                                                                          |
| <b>Monmouth</b>                                                                                                                     | 158,069,920                              | 91,600,065,288                                         |                                                                                                                                           |                                                                                                              | 422,176,921                                                                         |
| <b>Morris</b>                                                                                                                       | 142,959,362                              | 76,843,562,901                                         |                                                                                                                                           |                                                                                                              | 290,892,143                                                                         |
| <b>Ocean</b>                                                                                                                        | 86,436,808                               | 68,505,902,121                                         |                                                                                                                                           |                                                                                                              | 777,366,582                                                                         |
| <b>Passaic</b>                                                                                                                      | 47,417,172                               | 30,307,653,137                                         |                                                                                                                                           |                                                                                                              | 815,054,972                                                                         |
| <b>Salem</b>                                                                                                                        | 16,912,678                               | 4,341,555,494                                          |                                                                                                                                           |                                                                                                              | 112,909,089                                                                         |
| <b>Somerset</b>                                                                                                                     | 85,251,482                               | 54,695,989,018                                         |                                                                                                                                           |                                                                                                              | 39,161,674                                                                          |
| <b>Sussex</b>                                                                                                                       | 41,725,885                               | 15,117,256,883                                         |                                                                                                                                           |                                                                                                              | 268,036,810                                                                         |
| <b>Union</b>                                                                                                                        | 34,175,697                               | 23,979,799,122                                         |                                                                                                                                           |                                                                                                              |                                                                                     |
| <b>Warren</b>                                                                                                                       | 28,271,444                               | 10,403,207,919                                         |                                                                                                                                           |                                                                                                              | 18,139,495                                                                          |
| <b>TOTALS</b>                                                                                                                       | \$1,757,217,122                          | \$893,336,767,973                                      |                                                                                                                                           | (\$11,784,435)                                                                                               | \$7,048,629,436                                                                     |

\*Includes Cumberland County, Millville City Revenue Allocation District \$5,654,900

# Abstract of Ratables and Exemptions 2008 (continued)

| Col. 10                                                |                                                                        |                     | Col. 11                                                                                    |                                                                  | Col. 12—APPORTIONMENT OF TAXES                    |                            |                                                           |                            |
|--------------------------------------------------------|------------------------------------------------------------------------|---------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------|----------------------------|-----------------------------------------------------------|----------------------------|
| COUNTY                                                 | EQUALIZATION                                                           |                     | Net Valuation on Which County Taxes Are Apportioned (Col. 6 + 9(a) + 9(b) – 10(a) + 10(b)) | Section A<br>County Taxes                                        |                                                   |                            |                                                           |                            |
|                                                        | (b)                                                                    |                     |                                                                                            | II                                                               |                                                   |                            |                                                           |                            |
|                                                        | Amounts Added Under R.S. 54:3-17 to R.S. 54:3-19 and N.J.S.A. 54:11D-7 |                     |                                                                                            | ADJUSTMENTS RESULTING FROM                                       |                                                   |                            |                                                           |                            |
|                                                        |                                                                        |                     |                                                                                            | Total County Taxes Apportioned (Including Total Net Adjustments) | County Equalization Table Appeals (R.S. 54:51A-4) |                            | Appeals and Corrected Errors (R.S. 54:4-49; R.S. 54:4-53) |                            |
|                                                        |                                                                        |                     |                                                                                            |                                                                  | (a)<br>Deduct<br>Overpayment                      | (b)<br>Add<br>Underpayment | (c)<br>Deduct<br>Overpayment                              | (d)<br>Add<br>Underpayment |
| Atlantic<br>Bergen<br>Burlington<br>Camden<br>Cape May | \$ 13,795,440,387                                                      | \$ 29,156,811,211   | 58,266,396,436                                                                             | \$ 131,689,481.00                                                |                                                   | \$ 2,223,663.70            | \$ 452.65                                                 |                            |
|                                                        |                                                                        |                     | 182,767,512,263                                                                            | 319,981,292.47                                                   |                                                   | 2,083,992.47               |                                                           |                            |
|                                                        |                                                                        |                     | 51,085,372,436                                                                             | 162,976,478.08                                                   |                                                   | 290,445.08                 |                                                           |                            |
|                                                        |                                                                        |                     | 42,203,253,152                                                                             | 242,605,099.00                                                   |                                                   | 334,889.00                 | 1,523.00                                                  |                            |
|                                                        |                                                                        |                     | 54,740,892,088                                                                             | 82,916,497.88                                                    |                                                   | 157,496.04                 |                                                           |                            |
| Cumberland<br>Essex                                    | 3,914,239,515                                                          |                     | 9,407,459,751                                                                              | 84,677,220.80                                                    |                                                   | 385,220.80                 |                                                           |                            |
|                                                        | 34,186,258,941                                                         |                     | 94,164,040,217                                                                             | 354,510,482.98                                                   |                                                   | 4,935,239.59               |                                                           |                            |
| Gloucester                                             | 11,241,758,242                                                         |                     | 28,052,514,335                                                                             | 143,190,057.19                                                   |                                                   | 120,647.11                 | 130,589.92                                                |                            |
| Hudson                                                 | 44,869,748,612                                                         |                     | 66,711,261,411                                                                             | 247,243,594.50                                                   |                                                   | 1,673,560.50               |                                                           |                            |
| Hunterdon                                              | 3,636,855,705                                                          |                     | 25,121,813,767                                                                             | 69,944,121.63                                                    |                                                   | 143,121.63                 |                                                           |                            |
| Mercer                                                 | 17,186,292,957                                                         |                     | 47,759,991,188                                                                             | 208,739,878.10                                                   |                                                   | 315,813.26                 | 59,515.16                                                 |                            |
| Middlesex                                              | 61,466,601,441                                                         |                     | 109,995,053,068                                                                            | 282,098,061.54                                                   |                                                   | 1,221,394.70               | 346,333.16                                                |                            |
| Monmouth                                               | 36,230,905,612                                                         |                     | 127,408,793,979                                                                            | 287,561,452.42                                                   |                                                   | 1,058,137.62               | 685.20                                                    |                            |
| Morris                                                 | 26,044,289,438                                                         |                     | 102,596,960,196                                                                            | 195,023,782.82                                                   |                                                   | 1,543,400.97               |                                                           |                            |
| Ocean                                                  | 41,169,128,403                                                         |                     | 108,897,663,942                                                                            | 276,855,375.38                                                   |                                                   | 554,839.87                 | 4,581.49                                                  |                            |
| Passaic                                                | 26,797,920,023                                                         |                     | 56,290,518,188                                                                             | 278,618,331.27                                                   |                                                   | 1,278,315.90               |                                                           |                            |
| Salem                                                  | 1,180,264,376                                                          |                     | 5,408,910,781                                                                              | 49,126,831.97                                                    |                                                   | 74,286.07                  | 5,525.67                                                  |                            |
| Somerset                                               | 8,539,589,572                                                          |                     | 63,196,416,916                                                                             | 171,294,660.03                                                   |                                                   | 455,446.03                 |                                                           |                            |
| Sussex                                                 | 6,435,988,482                                                          |                     | 21,285,208,555                                                                             | 68,623,448.34                                                    |                                                   | 133,065.29                 | 331.95                                                    |                            |
| Union                                                  | 53,363,848,872                                                         |                     | 77,343,647,994                                                                             | 254,622,420.84                                                   |                                                   | 2,964,757.84               |                                                           |                            |
| Warren                                                 | 3,437,474,767                                                          |                     | 13,822,543,191                                                                             | 68,566,734.58                                                    |                                                   | 114,738.58                 |                                                           |                            |
| TOTALS                                                 | \$460,244,214,852                                                      | \$1,346,526,223,854 |                                                                                            | \$3,980,865,302.82                                               |                                                   | \$22,062,472.05            | \$549,538.20                                              |                            |

# Abstract of Ratables and Exemptions 2008 (continued)

| Col. 12—APPORTIONMENT OF TAXES |                              |                                                 |                                                                                           |                      |                     |                         |
|--------------------------------|------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------|---------------------|-------------------------|
| COUNTY                         | Section A<br>County Taxes    |                                                 |                                                                                           | Section B            |                     |                         |
|                                | III                          | IV                                              | V                                                                                         | (a)                  | (b)                 | (c)                     |
|                                | Net County Taxes Apportioned | Municipal Budget State Aid (R.S. 52:27D-118.40) | Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII-IV-Addendum 1(a)) | County Library Taxes | County Health Taxes | County Open Space Taxes |
| <b>Atlantic</b>                | \$ 129,466,269.95            |                                                 | \$ 129,466,269.95                                                                         | \$ 8,202,126.00      | \$ 4,246,659.00     | \$ 11,653,279.30        |
| <b>Bergen</b>                  | 317,897,300.00               |                                                 | 317,897,300.00                                                                            |                      |                     | 18,276,751.23           |
| <b>Burlington</b>              | 162,686,033.00               |                                                 | 162,686,033.00                                                                            | 11,089,980.00        |                     | 20,401,095.00           |
| <b>Camden</b>                  | 242,271,733.00               |                                                 | 242,271,733.00                                                                            | 8,384,057.00         |                     | 8,440,650.63            |
| <b>Cape May</b>                | 82,759,001.84                |                                                 | 82,759,001.84                                                                             | 9,417,238.89         |                     | 5,474,089.21            |
| <b>Cumberland</b>              | 84,292,000.00                |                                                 | 84,292,000.00                                                                             |                      | 2,175,000.00        | 940,745.98              |
| <b>Essex</b>                   | 349,575,243.39               |                                                 | 349,575,243.39                                                                            |                      |                     | 14,124,611.99           |
| <b>Gloucester</b>              | 143,200,000.00               |                                                 | 143,200,000.00                                                                            | 4,309,686.00         |                     | 11,221,473.00           |
| <b>Hudson</b>                  | 245,570,034.00               |                                                 | 245,570,034.00                                                                            |                      |                     | 6,671,126.14            |
| <b>Hunterdon</b>               | 69,801,000.00                |                                                 | 69,801,000.00                                                                             | 5,699,351.00         |                     | 7,536,000.00            |
| <b>Mercer</b>                  | 208,483,580.00               |                                                 | 208,483,580.00                                                                            | 11,365,074.00        |                     | 14,308,060.00           |
| <b>Middlesex</b>               | 281,223,000.00               |                                                 | 281,223,000.00                                                                            |                      |                     | 32,998,515.92           |
| <b>Monmouth</b>                | 286,504,000.00               |                                                 | 286,504,000.00                                                                            | 12,043,433.00        | 1,929,595.00        | 19,111,319.10           |
| <b>Morris</b>                  | 193,480,381.85               |                                                 | 193,480,381.85                                                                            |                      |                     | 43,603,708.08           |
| <b>Ocean</b>                   | 276,305,117.00               |                                                 | 276,305,117.00                                                                            | 31,840,066.00        | 11,191,000.00       | 13,068,360.00           |
| <b>Passaic</b>                 | 277,340,015.37               |                                                 | 277,340,015.37                                                                            |                      |                     | 5,629,051.82            |
| <b>Salem</b>                   | 49,058,071.57                |                                                 | 49,058,071.57                                                                             |                      |                     | 1,081,782.16            |
| <b>Somerset</b>                | 170,839,214.00               |                                                 | 170,839,214.00                                                                            | 13,537,509.00        |                     | 18,911,879.10           |
| <b>Sussex</b>                  | 68,490,715.00                | \$ 1,523.00                                     | 68,489,192.00                                                                             | 4,765,620.00         | 1,537,729.00        | 5,321,306.00            |
| <b>Union</b>                   | 251,657,663.00               |                                                 | 251,657,663.00                                                                            |                      |                     | 11,601,547.19           |
| <b>Warren</b>                  | 68,451,996.00                |                                                 | 68,451,996.00                                                                             | 5,484,463.00         |                     | 8,293,525.92            |
| <b>TOTALS</b>                  | \$3,959,352,368.97           | \$ 1,523.00                                     | \$3,959,350,845.97                                                                        | \$126,138,603.89     | \$21,079,983.00     | \$278,668,877.77        |

# Abstract of Ratables and Exemptions 2008 (continued)

| Col. 12—APPORTIONMENT OF TAXES |                                                                    |                                                             |                                  |                                                                    |                                      |
|--------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------|--------------------------------------|
| Section C                      |                                                                    |                                                             |                                  |                                                                    |                                      |
| Local Taxes to be Raised for   |                                                                    |                                                             |                                  |                                                                    |                                      |
| COUNTY                         | I                                                                  |                                                             |                                  | II                                                                 |                                      |
|                                | DISTRICT SCHOOL PURPOSES                                           |                                                             | LOCAL MUNICIPAL PURPOSES         | LOCAL MUNICIPAL PURPOSES                                           |                                      |
|                                | (a)<br>District School<br>Budget<br>(Adjusted by<br>Addendum 1(b)) | (b)<br>Regional<br>Consolidated and<br>Joint School Budgets | (c)<br>Local<br>School<br>Budget | (a)<br>Local Municipal<br>Budget<br>(Adjusted by<br>Addendum 1(c)) | (b)<br>Local Municipal<br>Open Space |
| <b>Atlantic</b>                | \$ 335,859,311.50                                                  | \$ 54,851,775.77                                            | \$ 6,005,050.99                  | \$ 341,513,774.48                                                  | \$ 528,824.00                        |
| <b>Bergen</b>                  | 1,532,666,028.72                                                   | 215,824,563.34                                              | 355,590.00                       | 935,217,450.14                                                     | 5,629,404.55                         |
| <b>Burlington</b>              | 498,483,530.00                                                     | 159,583,875.01                                              |                                  | 186,156,179.69                                                     | 7,820,393.65                         |
| <b>Camden</b>                  | 512,961,364.08                                                     | 57,847,507.48                                               |                                  | 234,035,214.06                                                     | 2,067,037.32                         |
| <b>Cape May</b>                | 122,601,642.50                                                     | 17,328,976.00                                               |                                  | 159,184,267.05                                                     |                                      |
| <b>Cumberland</b>              | 56,746,575.50                                                      | 8,369,797.47                                                |                                  | 51,654,427.77                                                      |                                      |
| <b>Essex</b>                   | 730,606,602.49                                                     | 144,557,766.66                                              | 27,397,018.00                    | 643,802,035.75                                                     | 1,669,158.73                         |
| <b>Gloucester</b>              | 305,712,768.73                                                     | 51,037,463.45                                               |                                  | 146,790,546.65                                                     | 2,384,817.42                         |
| <b>Hudson</b>                  | 353,078,180.00                                                     |                                                             | 16,997,635.26                    | 487,335,182.31                                                     | 588,092.10                           |
| <b>Hunterdon</b>               | 203,829,157.15                                                     | 114,843,246.85                                              |                                  | 53,912,335.91                                                      | 5,358,352.16                         |
| <b>Mercer</b>                  | 255,666,485.74                                                     | 259,079,201.80                                              | 903,775.00                       | 233,384,349.52                                                     | 5,579,802.96                         |
| <b>Middlesex</b>               | 1,150,734,311.57                                                   | 49,855,626.88                                               | 561,885.62                       | 490,886,630.28                                                     | 6,537,154.02                         |
| <b>Monmouth</b>                | 823,416,697.91                                                     | 304,800,390.80                                              |                                  | 417,707,586.02                                                     | 9,893,412.43                         |
| <b>Morris</b>                  | 797,068,649.43                                                     | 242,373,320.58                                              |                                  | 392,070,916.73                                                     | 12,277,859.21                        |
| <b>Ocean</b>                   | 466,915,085.75                                                     | 196,068,648.66                                              | 5,483,732.00                     | 349,293,242.49                                                     | 4,534,501.94                         |
| <b>Passaic</b>                 | 465,798,838.50                                                     | 43,964,282.00                                               |                                  | 358,035,065.61                                                     | 1,616,392.00                         |
| <b>Salem</b>                   | 45,684,170.00                                                      | 18,395,333.96                                               |                                  | 17,171,091.22                                                      | 574,897.00                           |
| <b>Somerset</b>                | 513,634,117.00                                                     | 163,426,379.63                                              |                                  | 185,612,154.85                                                     | 18,329,283.90                        |
| <b>Sussex</b>                  | 180,614,433.50                                                     | 69,145,518.09                                               |                                  | 85,352,937.96                                                      | 1,020,084.85                         |
| <b>Union</b>                   | 635,325,748.00                                                     | 69,296,162.96                                               | 3,434,844.00                     | 492,414,689.92                                                     | 328,725.89                           |
| <b>Warren</b>                  | 105,936,824.00                                                     | 40,881,564.00                                               |                                  | 41,750,880.78                                                      | 2,472,088.64                         |
| <b>TOTALS</b>                  | \$10,093,340,522.07                                                | \$2,281,531,401.39                                          | \$61,139,530.87                  | \$6,303,280,959.19                                                 | \$89,210,282.77                      |

# Abstract of Ratables and Exemptions 2008 (continued)

| Col. 12           |                                                                                                                                        | Col. 13                            |                                 |                        |                                             |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------|------------------------|---------------------------------------------|
| COUNTY            | Section D<br>Total Tax Levy<br>on Which<br>Tax Rate is<br>Computed<br>(Cols. AV + B(a), (b), (c)<br>+ CI(a), (b), (c)<br>+ CH(a), (b)) | REAL PROPERTY EXEMPT FROM TAXATION |                                 |                        |                                             |
|                   |                                                                                                                                        | (a)<br>Public School<br>Property   | (b)<br>Other School<br>Property | (c)<br>Public Property | (d)<br>Church and<br>Charitable<br>Property |
|                   |                                                                                                                                        |                                    |                                 |                        |                                             |
| <b>Atlantic</b>   | \$ 892,327,070.99                                                                                                                      | \$ 786,846,100                     | \$ 49,133,600                   | \$ 2,114,567,080       | \$ 440,627,790                              |
| <b>Bergen</b>     | 3,025,867,087.98                                                                                                                       | 2,781,702,400                      | 871,518,700                     | 6,622,672,300          | 1,633,469,900                               |
| <b>Burlington</b> | 1,046,221,086.35                                                                                                                       | 1,024,032,050                      | 116,309,550                     | 2,159,036,100          | 657,126,400                                 |
| <b>Camden</b>     | 1,066,007,563.57                                                                                                                       | 1,152,484,619                      | 84,116,600                      | 1,262,057,901          | 922,445,948                                 |
| <b>Cape May</b>   | 396,765,215.49                                                                                                                         | 399,291,800                        | 35,420,200                      | 2,582,599,700          | 523,664,100                                 |
| <b>Cumberland</b> | 204,178,546.72                                                                                                                         | 274,682,100                        | 22,216,800                      | 798,016,800            | 156,545,900                                 |
| <b>Essex</b>      | 1,911,732,437.01                                                                                                                       | 1,937,318,496                      | 1,178,306,326                   | 6,516,156,767          | 1,723,265,223                               |
| <b>Gloucester</b> | 664,656,755.25                                                                                                                         | 481,740,800                        | 149,293,720                     | 496,277,500            | 315,220,100                                 |
| <b>Hudson</b>     | 1,110,240,249.81                                                                                                                       | 689,770,000                        | 360,802,100                     | 2,326,079,880          | 583,361,590                                 |
| <b>Hunterdon</b>  | 460,979,443.07                                                                                                                         | 372,379,746                        | 2,050,700                       | 882,490,840            | 238,779,942                                 |
| <b>Mercer</b>     | 988,770,329.02                                                                                                                         | 787,863,152                        | 1,844,783,100                   | 2,841,535,457          | 600,997,834                                 |
| <b>Middlesex</b>  | 2,012,797,124.29                                                                                                                       | 1,449,538,222                      | 1,446,911,800                   | 1,742,239,596          | 1,007,511,591                               |
| <b>Monmouth</b>   | 1,875,406,434.26                                                                                                                       | 1,658,211,400                      | 334,935,200                     | 4,013,617,462          | 1,032,810,700                               |
| <b>Morris</b>     | 1,680,874,835.88                                                                                                                       | 1,193,480,900                      | 437,675,500                     | 3,583,024,600          | 921,125,300                                 |
| <b>Ocean</b>      | 1,354,699,753.84                                                                                                                       | 843,837,991                        | 283,135,400                     | 3,207,455,504          | 616,341,544                                 |
| <b>Passaic</b>    | 1,152,383,645.30*                                                                                                                      | 942,251,800                        | 251,772,000                     | 2,094,214,380          | 801,889,500                                 |
| <b>Salem</b>      | 131,965,345.91                                                                                                                         | 146,772,800                        | 8,814,800                       | 205,727,328            | 100,292,521                                 |
| <b>Somerset</b>   | 1,084,290,537.48                                                                                                                       | 739,490,396                        | 114,499,351                     | 1,365,591,833          | 456,674,645                                 |
| <b>Sussex</b>     | 416,246,821.40                                                                                                                         | 305,757,076                        | 37,782,800                      | 937,098,640            | 202,511,395                                 |
| <b>Union</b>      | 1,464,059,380.96                                                                                                                       | 679,181,000                        | 222,438,200                     | 1,459,818,300          | 676,989,100                                 |
| <b>Warren</b>     | 273,271,342.34                                                                                                                         | 228,118,098                        | 78,595,800                      | 361,802,325            | 156,898,017                                 |
| <b>TOTALS</b>     | \$23,213,741,006.92                                                                                                                    | \$18,874,750,946                   | \$7,930,512,247                 | \$47,572,080,293       | \$13,768,549,040                            |

\*Includes special garbage district levy \$2,418,950.00

# Abstract of Ratables and Exemptions 2008 (continued)

| Col. 13    |                                    |                                                            | Col. 14                                                                             |                                                                               |                                    |
|------------|------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------|
| COUNTY     | REAL PROPERTY EXEMPT FROM TAXATION |                                                            |                                                                                     | AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET |                                    |
|            | (e)                                | (f)                                                        | (g)                                                                                 | (a)                                                                           | (b)                                |
|            | Cemeteries and Graveyards          | Other Exemptions Not Included in Foregoing Classifications | Total Amount of Real Property Exempt From Taxation<br>(Cols. a + b + c + d + e + f) | Surplus Revenue Appropriated                                                  | Miscellaneous Revenues Anticipated |
| Atlantic   | \$ 17,107,900                      | \$ 2,577,557,780                                           | \$ 5,985,840,250                                                                    | \$ 36,715,154.90                                                              | \$ 102,541,160.21                  |
| Bergen     | 591,848,300                        | 4,298,612,420                                              | 16,799,824,020                                                                      | 109,969,696.22                                                                | 274,057,037.08                     |
| Burlington | 21,987,300                         | 729,202,352                                                | 4,707,693,752                                                                       | 67,794,696.53                                                                 | 128,872,652.07                     |
| Camden     | 53,005,800                         | 1,129,601,433                                              | 4,603,712,301                                                                       | 36,835,784.76                                                                 | 285,817,075.91                     |
| Cape May   | 10,751,200                         | 460,939,300                                                | 4,012,666,300                                                                       | 23,167,564.02                                                                 | 75,316,383.61                      |
| Cumberland | 6,792,700                          | 378,065,700                                                | 1,636,320,000                                                                       | 15,677,035.65                                                                 | 70,744,616.34                      |
| Essex      | 255,459,900                        | 2,249,130,635                                              | 13,859,637,347                                                                      | 104,224,692.20                                                                | 698,851,464.09                     |
| Gloucester | 10,187,900                         | 326,508,200                                                | 1,779,228,220                                                                       | 31,402,646.01                                                                 | 80,584,152.28                      |
| Hudson     | 70,234,600                         | 4,398,393,525                                              | 8,428,641,695                                                                       | 22,829,354.00                                                                 | 607,450,243.01                     |
| Hunterdon  | 15,226,200                         | 179,977,626                                                | 1,690,905,054                                                                       | 20,328,609.78                                                                 | 41,496,093.91                      |
| Mercer     | 30,844,500                         | 804,334,380                                                | 6,910,358,423                                                                       | 30,116,005.54                                                                 | 276,013,104.31                     |
| Middlesex  | 120,699,900                        | 1,577,240,364                                              | 7,344,141,473                                                                       | 75,609,206.00                                                                 | 348,222,239.82                     |
| Monmouth   | 111,277,500                        | 2,140,883,530                                              | 9,291,735,792                                                                       | 103,818,310.53                                                                | 222,684,142.14                     |
| Morris     | 64,130,600                         | 802,264,900                                                | 7,001,701,800                                                                       | 75,190,380.00                                                                 | 164,902,794.91                     |
| Ocean      | 34,564,800                         | 583,118,711                                                | 5,568,453,950                                                                       | 82,429,901.58                                                                 | 168,670,440.93                     |
| Passaic    | 106,712,400                        | 963,915,300                                                | 5,160,755,380                                                                       | 35,528,173.95                                                                 | 223,102,843.14                     |
| Salem      | 3,174,600                          | 155,639,145                                                | 620,421,194                                                                         | 10,226,165.62                                                                 | 35,072,709.78                      |
| Somerset   | 32,508,600                         | 719,193,084                                                | 3,427,957,909                                                                       | 59,494,447.53                                                                 | 96,006,035.14                      |
| Sussex     | 6,085,600                          | 192,184,200                                                | 1,681,419,711                                                                       | 16,885,713.83                                                                 | 33,905,774.23                      |
| Union      | 114,443,600                        | 836,598,100                                                | 3,989,468,300                                                                       | 69,999,869.50                                                                 | 256,470,918.39                     |
| Warren     | 9,230,200                          | 226,143,724                                                | 1,060,788,164                                                                       | 16,532,011.00                                                                 | 29,964,903.93                      |
| TOTALS     | \$1,686,274,100                    | \$25,729,504,409                                           | \$115,561,671,035                                                                   | \$1,044,775,419.15                                                            | \$4,220,746,785.23                 |

# Abstract of Ratables and Exemptions 2008 (continued)

| COUNTY        | Col. 14                                                                          |                                                             | Col. 15                                                                                                                 |                               | Col. 16                                                                                                                     |                     |
|---------------|----------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------|
|               | AMOUNT OF MISCELLANEOUS REVENUE FOR<br>THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET |                                                             | DEDUCTIONS ALLOWED                                                                                                      |                               | Total Ratables<br>Determined<br>Pursuant to<br>R.S. 54:1-35<br>After Equalization<br>Under R.S. 54:1-33<br>and R.S. 54:1-34 |                     |
|               | (c)<br>Receipts from<br>Delinquent Tax<br>and Liens                              | (d)<br>Total of Miscellaneous<br>Revenues (Cols. a + b + c) | (a)<br>Full Estimated<br>Amount of Senior<br>Citizen, Totally<br>Disabled and<br>Surviving Spouse<br>Deductions Allowed | (b)<br>Veterans<br>Deductions |                                                                                                                             |                     |
| Atlantic      | \$ 4,841,244.00                                                                  | \$ 144,097,559.11                                           | \$ 685,000                                                                                                              | \$ 2,196,750                  | \$                                                                                                                          | 56,589,757,221      |
| Bergen        | 30,420,679.19                                                                    | 414,447,412.49                                              | 1,969,625                                                                                                               | 7,022,850                     |                                                                                                                             | 185,928,683,637     |
| Burlington    | 14,494,856.00                                                                    | 211,162,204.60                                              | 1,127,625                                                                                                               | 4,830,000                     |                                                                                                                             | 52,139,640,688      |
| Camden        | 14,113,078.10                                                                    | 336,765,938.77                                              | 1,909,250                                                                                                               | 4,175,250                     |                                                                                                                             | 42,470,813,906      |
| Cape May      | 4,745,423.39                                                                     | 103,229,371.02                                              | 370,500                                                                                                                 | 1,405,160                     |                                                                                                                             | 54,628,522,836      |
| Cumberland    | 4,288,154.00                                                                     | 90,709,805.99                                               | 746,875                                                                                                                 | 1,148,250                     |                                                                                                                             | 9,523,391,675       |
| Essex         | 52,222,140.65                                                                    | 855,298,296.94                                              | 812,750                                                                                                                 | 2,764,725                     |                                                                                                                             | 96,914,440,800      |
| Gloucester    | 13,773,665.99                                                                    | 125,760,464.28                                              | 1,017,500                                                                                                               | 2,832,875                     |                                                                                                                             | 29,101,693,337      |
| Hudson        | 7,763,856.50                                                                     | 638,043,453.51                                              | 831,250                                                                                                                 | 1,460,500                     |                                                                                                                             | 67,077,100,450      |
| Hunterdon     | 5,997,030.94                                                                     | 67,821,734.63                                               | 170,000                                                                                                                 | 1,011,500                     |                                                                                                                             | 24,749,646,790      |
| Mercer        | 6,785,375.00                                                                     | 312,914,484.85                                              | 863,500                                                                                                                 | 2,578,500                     |                                                                                                                             | 48,238,394,984      |
| Middlesex     | 11,564,268.85                                                                    | 435,395,714.67                                              | 1,806,750                                                                                                               | 5,913,750                     |                                                                                                                             | 111,571,217,282     |
| Monmouth      | 21,466,310.54                                                                    | 347,968,763.21                                              | 1,013,000                                                                                                               | 4,959,750                     |                                                                                                                             | 127,813,573,023     |
| Morris        | 16,983,380.28                                                                    | 257,076,555.19                                              | 703,500                                                                                                                 | 3,771,000                     |                                                                                                                             | 103,192,518,259     |
| Ocean         | 21,449,447.00                                                                    | 272,549,789.51                                              | 3,155,375                                                                                                               | 9,148,500                     |                                                                                                                             | 109,024,821,004     |
| Passaic       | 12,226,754.37                                                                    | 270,857,771.46                                              | 986,000                                                                                                                 | 2,770,250                     |                                                                                                                             | 57,227,118,466      |
| Salem         | 3,981,500.00                                                                     | 49,280,375.40                                               | 268,750                                                                                                                 | 768,500                       |                                                                                                                             | 5,651,828,293       |
| Somerset      | 9,776,218.36                                                                     | 165,276,701.03                                              | 502,500                                                                                                                 | 2,109,250                     |                                                                                                                             | 63,431,787,374      |
| Sussex        | 7,504,819.00                                                                     | 58,296,307.06                                               | 315,333                                                                                                                 | 1,314,842                     |                                                                                                                             | 21,484,887,501      |
| Union         | 21,472,885.51                                                                    | 347,943,673.40                                              | 1,187,125                                                                                                               | 3,459,750                     |                                                                                                                             | 78,646,619,605      |
| Warren        | 5,520,371.88                                                                     | 52,017,286.81                                               | 297,750                                                                                                                 | 1,031,125                     |                                                                                                                             | 13,689,967,495      |
| <b>TOTALS</b> | \$291,391,459.55                                                                 | \$5,556,913,663.93                                          | \$20,739,958                                                                                                            | \$66,673,077                  |                                                                                                                             | \$1,359,096,424,626 |

# Abstract of Ratables and Exemptions 2008 (continued)

| Addendum 1                                               |                                                            |                      |                         | Addendum 2                                                         |                                 |                        |                        |                                 |
|----------------------------------------------------------|------------------------------------------------------------|----------------------|-------------------------|--------------------------------------------------------------------|---------------------------------|------------------------|------------------------|---------------------------------|
| COUNTY                                                   | STATE AID ADJUSTMENT FOR<br>BUSINESS PERSONAL PROPERTY TAX |                      |                         | REGIONAL EFFICIENCY AID PROGRAM<br>(R.E.A.P.) DISTRIBUTION SUMMARY |                                 |                        |                        |                                 |
|                                                          | (a)                                                        | (b)                  | (c)                     | (a)                                                                | (b)                             | (c)                    | (d)                    | (e)                             |
|                                                          | County<br>Adjustment                                       | School<br>Adjustment | Municipal<br>Adjustment | Eligible Property<br>Assessments                                   | Municipal<br>R.E.A.P. Aid       | School<br>R.E.A.P. Aid | County<br>R.E.A.P. Aid | Total<br>R.E.A.P. Aid           |
| Atlantic<br>Bergen<br>Burlington<br>Camden<br>Cape May   | \$ 239,640<br>118,153<br>529,935<br>9,378                  |                      |                         | \$ 3,408,990<br>229,545,550<br>11,084,500                          | \$ 929,399<br>108,427<br>10,200 |                        |                        | \$ 929,399<br>108,427<br>10,200 |
| Cumberland<br>Essex<br>Gloucester<br>Hudson<br>Hunterdon | 31,051<br>1,586,515<br>130,460                             |                      |                         | 271,717,300<br>2,797,141,200                                       | 73,755<br>4,789,488             |                        |                        | 73,755<br>4,789,488             |
| Mercer<br>Middlesex<br>Monmouth<br>Morris<br>Ocean       | 59,968<br><br>564,450<br>12,260                            |                      |                         |                                                                    |                                 |                        |                        |                                 |
| Passaic<br>Salem<br>Somerset<br>Sussex<br>Union          | 31,463<br>47,738<br>199,279                                |                      | \$20,016                | 86,136,600                                                         | 38,731                          |                        |                        | 38,731                          |
| Warren                                                   |                                                            |                      |                         |                                                                    |                                 |                        |                        |                                 |
| TOTALS                                                   | \$3,560,290                                                | \$20,016             | \$3,399,034,140         | \$5,950,000                                                        |                                 |                        |                        | \$5,950,000                     |

# Abstract of Ratables and Exemptions 2008 (continued)

| Addendum 3               |                          | Addendum 4                                                              |
|--------------------------|--------------------------|-------------------------------------------------------------------------|
| POLICE AND FIRE AND PERS |                          |                                                                         |
| COUNTY                   | (a)<br>County<br>Portion | (b)<br>Municipal<br>Portion                                             |
|                          |                          | Equalized Value Based<br>on in Lieu of Taxes<br>(Cols. 10(a) and 10(b)) |
| Atlantic                 |                          |                                                                         |
| Bergen                   |                          |                                                                         |
| Burlington               |                          |                                                                         |
| Camden                   |                          |                                                                         |
| Cape May                 |                          |                                                                         |
| Cumberland               |                          |                                                                         |
| Essex                    |                          |                                                                         |
| Gloucester               |                          |                                                                         |
| Hudson                   |                          |                                                                         |
| Hunterdon                |                          |                                                                         |
| Mercer                   |                          |                                                                         |
| Middlesex                |                          |                                                                         |
| Monmouth                 |                          | \$14,048,541                                                            |
| Morris                   |                          |                                                                         |
| Ocean                    |                          |                                                                         |
| Passaic                  |                          |                                                                         |
| Salem                    |                          |                                                                         |
| Somerset                 |                          |                                                                         |
| Sussex                   |                          |                                                                         |
| Union                    |                          |                                                                         |
| Warren                   |                          |                                                                         |
| <b>TOTALS</b>            |                          | <b>\$14,048,541</b>                                                     |

# 2008 Assessed Value of Partial Exemptions and Abatements

## (Summary Addendum to Abstract of Ratables)

| COUNTY     | Pollution<br>Control | Fire<br>Suppression | Fallout<br>Shelter | Water/<br>Sewage<br>Facility | UEZ<br>Abatement | Home<br>Improvement | Multi-Family<br>Dwelling | Class 4<br>Abatement |
|------------|----------------------|---------------------|--------------------|------------------------------|------------------|---------------------|--------------------------|----------------------|
| Atlantic   | —                    | —                   | —                  | —                            | —                | —                   | —                        | —                    |
| Bergen     | —                    | \$ 1,080,900        | —                  | —                            | —                | —                   | —                        | —                    |
| Burlington | \$ 1,500,000         | 5,251,000           | \$ 2,500           | —                            | \$ 4,101,000     | —                   | —                        | —                    |
| Camden     | —                    | 429,500             | —                  | —                            | —                | —                   | —                        | —                    |
| Cape May   | —                    | —                   | 1,000              | —                            | —                | —                   | —                        | —                    |
| Cumberland | 2,497,300            | —                   | —                  | —                            | 2,711,700        | —                   | —                        | —                    |
| Essex      | 458,000              | 469,400             | —                  | —                            | 389,363,800      | —                   | —                        | —                    |
| Gloucester | 11,819,500           | —                   | —                  | —                            | —                | —                   | —                        | —                    |
| Hudson     | 10,000               | —                   | —                  | \$2,500,000                  | —                | \$30,000            | \$7,165,400              | —                    |
| Hunterdon  | —                    | —                   | —                  | —                            | —                | —                   | —                        | —                    |
| Mercer     | —                    | 3,703,700           | 100,600            | —                            | 41,510,740       | —                   | —                        | —                    |
| Middlesex  | 9,785,100            | 21,090,600          | —                  | —                            | —                | —                   | —                        | —                    |
| Monmouth   | —                    | 1,820,200           | —                  | 2,277,700                    | —                | —                   | —                        | —                    |
| Morris     | 198,400              | 4,929,500           | 1,131,700          | 151,300                      | —                | —                   | —                        | —                    |
| Ocean      | 48,600               | 425,200             | —                  | —                            | —                | —                   | —                        | —                    |
| Passaic    | —                    | 499,600             | —                  | —                            | —                | —                   | —                        | —                    |
| Salem      | —                    | —                   | —                  | —                            | —                | —                   | —                        | —                    |
| Somerset   | —                    | —                   | —                  | —                            | —                | 25,000              | —                        | —                    |
| Sussex     | —                    | —                   | —                  | —                            | —                | —                   | —                        | —                    |
| Union      | —                    | —                   | —                  | —                            | —                | —                   | —                        | —                    |
| Warren     | 709,800              | —                   | 15,200             | —                            | 1,259,700        | —                   | —                        | —                    |
| TOTALS     | \$27,026,700         | \$39,699,600        | \$1,251,000        | \$4,929,000                  | \$438,946,940    | \$55,000            | \$7,165,400              | —                    |

## 2008 Assessed Value of Partial Exemptions and Abatements (continued)

### (Summary Addendum to Abstract of Ratables)

| COUNTY        | Dwelling<br>Abatement | Dwelling<br>Exemption | New<br>Dwelling/<br>Conversion<br>Abatement | New<br>Dwelling/<br>Conversion<br>Exemption | Multiple<br>Dwelling/<br>Abatement | Multiple<br>Dwelling/<br>Exemption | Commercial/<br>Industrial<br>Exemption | Total<br>Assessed<br>Value (Col. 3<br>Value of Abstract) |
|---------------|-----------------------|-----------------------|---------------------------------------------|---------------------------------------------|------------------------------------|------------------------------------|----------------------------------------|----------------------------------------------------------|
| Atlantic      | \$ 22,500             | \$ 7,279,800          | \$ 2,030,200                                | \$ 6,758,100                                | —                                  | —                                  | \$ 3,846,800                           | \$ 19,937,400                                            |
| Bergen        | 426,900               | 7,121,400             | —                                           | —                                           | —                                  | —                                  | 52,900                                 | 8,682,100                                                |
| Burlington    | 7,496,000             | 11,850,600            | —                                           | —                                           | —                                  | —                                  | 27,274,500                             | 57,475,600                                               |
| Camden        | 4,960,800             | 27,243,200            | —                                           | —                                           | —                                  | —                                  | 27,559,500                             | 60,193,000                                               |
| Cape May      | —                     | 32,800                | —                                           | 3,900,500                                   | —                                  | —                                  | —                                      | 3,934,300                                                |
| Cumberland    | —                     | 5,369,400             | —                                           | 241,100                                     | —                                  | —                                  | 8,114,500                              | 18,934,000                                               |
| Essex         | 98,400                | 8,608,100             | —                                           | —                                           | \$1,050,000                        | —                                  | 1,718,100                              | 401,765,800                                              |
| Gloucester    | —                     | 5,110,800             | —                                           | —                                           | —                                  | —                                  | 18,136,800                             | 35,067,100                                               |
| Hudson        | 23,749,400            | 57,224,400            | 68,822,900                                  | —                                           | 3,151,300                          | \$35,149,100                       | 10,709,700                             | 208,512,200                                              |
| Hunterdon     | 485,000               | —                     | —                                           | —                                           | —                                  | —                                  | 9,880,500                              | 10,365,500                                               |
| Mercer        | 5,300                 | 6,358,600             | —                                           | —                                           | —                                  | 167,300                            | 204,400                                | 52,050,640                                               |
| Middlesex     | 20,486,800            | 26,941,400            | —                                           | —                                           | —                                  | —                                  | 4,117,300                              | 82,421,200                                               |
| Monmouth      | 2,503,600             | 14,268,200            | —                                           | 12,042,300                                  | —                                  | —                                  | 38,923,580                             | 71,835,580                                               |
| Morris        | 50,000                | 289,700               | —                                           | —                                           | —                                  | —                                  | 196,300                                | 6,946,900                                                |
| Ocean         | —                     | 771,300               | —                                           | —                                           | —                                  | —                                  | 1,424,100                              | 2,669,200                                                |
| Passaic       | 2,237,200             | —                     | —                                           | —                                           | —                                  | —                                  | —                                      | 2,736,800                                                |
| Salem         | —                     | 21,500                | —                                           | —                                           | —                                  | —                                  | —                                      | 21,500                                                   |
| Somerset      | 1,788,000             | 5,819,850             | —                                           | —                                           | —                                  | —                                  | 189,500                                | 7,822,350                                                |
| Sussex        | —                     | —                     | —                                           | —                                           | —                                  | —                                  | —                                      | —                                                        |
| Union         | —                     | —                     | 24,104,600                                  | —                                           | 82,400                             | —                                  | 10,620,000                             | 34,807,000                                               |
| Warren        | —                     | —                     | —                                           | —                                           | —                                  | —                                  | 906,300                                | 2,891,000                                                |
| <b>TOTALS</b> | \$64,309,900          | \$184,311,050         | \$94,957,700                                | \$22,942,000                                | \$4,283,700                        | \$35,316,400                       | \$163,874,780                          | \$1,089,069,170                                          |

# Summary of 2008 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<br>Number<br>of Tax<br>Appeals | Assessment<br>Revised | Assessment<br>Affirmed | Stipulated | Freeze<br>Act | Dismissed         |                      | Withdrawn | Property<br>Tax<br>Deduction<br>Granted | Property<br>Tax<br>Deduction<br>Denied |
|                        |                                      |                       |                        |            |               | With<br>Prejudice | Without<br>Prejudice |           |                                         |                                        |
| Atlantic               | 3,388                                | 603                   | 555                    | 1,613      | 0             | 192               | 159                  | 264       | 0                                       | 1                                      |
| Bergen                 | 4,127                                | 1,006                 | 457                    | 1,178      | 0             | 212               | 1,131                | 113       | 2                                       | 1                                      |
| Burlington             | 1,263                                | 422                   | 61                     | 615        | 0             | 72                | 12                   | 72        | 2                                       | 2                                      |
| Camden                 | 670                                  | 37                    | 47                     | 390        | 0             | 26                | 79                   | 47        | 20                                      | 2                                      |
| Cape May               | 1,248                                | 226                   | 231                    | 592        | 0             | 98                | 4                    | 81        | 6                                       | 2                                      |
| Cumberland             | 142                                  | 23                    | 1                      | 43         | 0             | 3                 | 27                   | 15        | 21                                      | 0                                      |
| Essex                  | 3,627                                | 162                   | 183                    | 1,665      | 0             | 347               | 1,039                | 183       | 13                                      | 1                                      |
| Gloucester             | 661                                  | 152                   | 35                     | 157        | 0             | 21                | 11                   | 21        | 0                                       | 0                                      |
| Hudson                 | 1,469                                | 153                   | 31                     | 571        | 0             | 46                | 434                  | 189       | 2                                       | 0                                      |
| Hunterdon              | 484                                  | 52                    | 16                     | 235        | 0             | 98                | 22                   | 53        | 0                                       | 0                                      |
| Mercer                 | 551                                  | 87                    | 31                     | 227        | 0             | 26                | 138                  | 27        | 0                                       | 0                                      |
| Middlesex              | 958                                  | 115                   | 74                     | 188        | 0             | 24                | 425                  | 127       | 2                                       | 1                                      |
| Monmouth               | 1,862                                | 298                   | 259                    | 826        | 0             | 129               | 199                  | 133       | 1                                       | 1                                      |
| Morris                 | 2,039                                | 158                   | 253                    | 794        | 0             | 188               | 509                  | 125       | 7                                       | 0                                      |
| Ocean                  | 4,151                                | 924                   | 492                    | 1,589      | 0             | 480               | 222                  | 365       | 50                                      | 4                                      |
| Passaic                | 3,576                                | 790                   | 522                    | 231        | 0             | 218               | 1,237                | 43        | 1                                       | 2                                      |
| Salem                  | 170                                  | 36                    | 24                     | 85         | 0             | 11                | 1                    | 10        | 0                                       | 0                                      |
| Somerset               | 523                                  | 50                    | 53                     | 310        | 0             | 33                | 35                   | 38        | 0                                       | 0                                      |
| Sussex                 | 794                                  | 232                   | 68                     | 270        | 0             | 31                | 32                   | 153       | 0                                       | 0                                      |
| Union                  | 878                                  | 13                    | 53                     | 247        | 0             | 38                | 412                  | 111       | 0                                       | 0                                      |
| Warren                 | 395                                  | 2                     | 17                     | 212        | 0             | 10                | 151                  | 2         | 0                                       | 0                                      |
| TOTALS                 | 32,976                               | 5,541                 | 3,463                  | 12,038     | 0             | 2,303             | 6,279                | 2,172     | 127                                     | 17                                     |

# Summary of 2008 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

| Col. 2             |                                   | Col. 3                           |                |                    |       |                                             |             |                 |                   |          |  |
|--------------------|-----------------------------------|----------------------------------|----------------|--------------------|-------|---------------------------------------------|-------------|-----------------|-------------------|----------|--|
| COUNTY             | NUMBER OF DISPOSITIONS            |                                  |                |                    |       | NUMBER OF APPEALS IN EACH CLASS OF PROPERTY |             |                 |                   |          |  |
|                    | Farmland<br>Assessment<br>Granted | Farmland<br>Assessment<br>Denied | Classification | R.E.A.P.<br>Credit | Other | Class 1                                     |             | Class 2         |                   | Class 3A |  |
|                    |                                   |                                  |                |                    |       | Vacant<br>Land                              | Residential | Farm<br>Regular | Farm<br>Qualified |          |  |
| Atlantic<br>Bergen | 0                                 | 0                                | 1              | 0                  | 0     | 695                                         | 2,095       | 2               | 0                 |          |  |
| Burlington         | 0                                 | 0                                | 0              | 0                  | 27    | 163                                         | 3,312       | 2               | 1                 |          |  |
| Camden             | 3                                 | 2                                | 0              | 0                  | 0     | 150                                         | 1,004       | 14              | 10                |          |  |
| Cape May           | 0                                 | 0                                | 22             | 0                  | 0     | 36                                          | 540         | 0               | 0                 |          |  |
|                    | 6                                 | 2                                | 0              | 0                  | 0     | 153                                         | 1,047       | 1               | 0                 |          |  |
| Cumberland         | 5                                 | 2                                | 2              | 0                  | 0     | 18                                          | 93          | 4               | 2                 |          |  |
| Essex              | 0                                 | 0                                | 2              | 32                 | 0     | 174                                         | 2,574       | 0               | 0                 |          |  |
| Gloucester         | 1                                 | 0                                | 0              | 0                  | 263   | 296                                         | 305         | 10              | 4                 |          |  |
| Hudson             | 0                                 | 0                                | 42             | 1                  | 0     | 111                                         | 823         | 0               | 0                 |          |  |
| Hunterdon          | 1                                 | 0                                | 1              | 0                  | 6     | 168                                         | 274         | 18              | 1                 |          |  |
| Mercer             | 0                                 | 0                                | 1              | 0                  | 14    | 142                                         | 294         | 6               | 10                |          |  |
| Middlesex          | 2                                 | 0                                | 0              | 0                  | 0     | 290                                         | 380         | 1               | 2                 |          |  |
| Monmouth           | 0                                 | 8                                | 8              | 0                  | 0     | 312                                         | 1,339       | 7               | 1                 |          |  |
| Morris             | 1                                 | 0                                | 3              | 0                  | 1     | 1,191                                       | 739         | 24              | 8                 |          |  |
| Ocean              | 4                                 | 3                                | 18             | 0                  | 0     | 1,299                                       | 2,740       | 1               | 2                 |          |  |
| Passaic            | 0                                 | 0                                | 1              | 0                  | 531   | 210                                         | 2,601       | 3               | 9                 |          |  |
| Salem              | 1                                 | 0                                | 1              | 0                  | 1     | 27                                          | 119         | 7               | 4                 |          |  |
| Somerset           | 1                                 | 0                                | 3              | 0                  | 0     | 52                                          | 409         | 5               | 0                 |          |  |
| Sussex             | 0                                 | 4                                | 3              | 0                  | 1     | 177                                         | 507         | 24              | 10                |          |  |
| Union              | 0                                 | 0                                | 0              | 0                  | 4     | 73                                          | 324         | 0               | 0                 |          |  |
| Warren             | 0                                 | 0                                | 1              | 0                  | 0     | 259                                         | 104         | 9               | 6                 |          |  |
| <b>TOTALS</b>      | 25                                | 21                               | 109            | 33                 | 848   | 5,996                                       | 21,623      | 138             | 70                |          |  |

# Summary of 2008 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

|                                             |                                       | Col. 3    | Col. 4                               | Col. 5                        | Col. 6                    | Col. 7                                          |
|---------------------------------------------|---------------------------------------|-----------|--------------------------------------|-------------------------------|---------------------------|-------------------------------------------------|
| NUMBER OF APPEALS IN EACH CLASS OF PROPERTY |                                       |           |                                      |                               |                           |                                                 |
| COUNTY                                      | Class 4                               |           | Original<br>Amount of<br>Assessments | Total<br>Assessment           |                           | Net<br>Total<br>Assessments<br>(Col. 4 – 5 + 6) |
|                                             | Commercial<br>Industrial<br>Apartment | Other     |                                      | Reductions Granted            | Increases Granted         |                                                 |
| Atlantic<br>Bergen                          | 590<br>644                            | 6<br>5    | \$ 3,921,923,500<br>4,112,723,004    | \$ 404,036,398<br>309,098,243 | \$ 4,662,200<br>9,490,555 | \$ 3,522,549,302<br>3,813,115,316               |
| Burlington                                  | 84                                    | 1         | 766,618,700                          | 82,670,110                    | 588,300                   | 684,536,890                                     |
| Camden                                      | 92                                    | 2         | 265,228,700                          | 17,664,500                    | 15,000                    | 247,579,200                                     |
| Cape May                                    | 47                                    | 0         | 902,117,700                          | 66,014,100                    | 3,390,900                 | 839,494,500                                     |
| Cumberland                                  | 24                                    | 1         | 35,166,800                           | 4,489,400                     | 202,400                   | 30,879,800                                      |
| Essex                                       | 877                                   | 2         | 1,582,763,900                        | 117,091,698                   | 2,862,300                 | 1,468,534,502                                   |
| Gloucester                                  | 44                                    | 2         | 140,396,800                          | 25,855,100                    | 9,356,300                 | 123,898,000                                     |
| Hudson                                      | 528                                   | 7         | 695,805,477                          | 66,361,991                    | 1,503,600                 | 630,947,086                                     |
| Hunterdon                                   | 23                                    | 0         | 217,717,900                          | 22,410,498                    | 4,660,900                 | 199,968,302                                     |
| Mercer                                      | 98                                    | 1         | 250,277,000                          | 17,582,750                    | 3,699,400                 | 236,393,650                                     |
| Middlesex                                   | 283                                   | 2         | 389,546,500                          | 19,359,064                    | 6,236,000                 | 376,423,436                                     |
| Monmouth                                    | 202                                   | 1         | 1,180,839,300                        | 82,358,880                    | 1,412,000                 | 1,099,892,420                                   |
| Morris                                      | 73                                    | 4         | 753,261,900                          | 76,522,400                    | 11,159,400                | 687,898,900                                     |
| Ocean                                       | 107                                   | 2         | 1,294,210,445                        | 143,956,875                   | 1,311,900                 | 1,151,565,470                                   |
| Passaic                                     | 752                                   | 1         | 1,286,838,050                        | 82,329,545                    | 330,400                   | 1,204,838,905                                   |
| Salem                                       | 11                                    | 2         | 38,937,588                           | 3,998,884                     | 964,463                   | 35,903,167                                      |
| Somerset                                    | 55                                    | 2         | 336,243,800                          | 23,174,601                    | 2,555,200                 | 315,624,399                                     |
| Sussex                                      | 66                                    | 10        | 280,111,360                          | 33,227,630                    | 3,272,800                 | 250,156,530                                     |
| Union                                       | 481                                   | 0         | 231,492,200                          | 12,471,900                    | 0                         | 219,020,300                                     |
| Warren                                      | 15                                    | 0         | 85,268,158                           | 10,542,125                    | 524,572                   | 75,250,605                                      |
| <b>TOTALS</b>                               | <b>5,096</b>                          | <b>51</b> | <b>\$18,767,488,782</b>              | <b>\$1,621,216,692</b>        | <b>\$68,198,590</b>       | <b>\$17,214,470,680</b>                         |

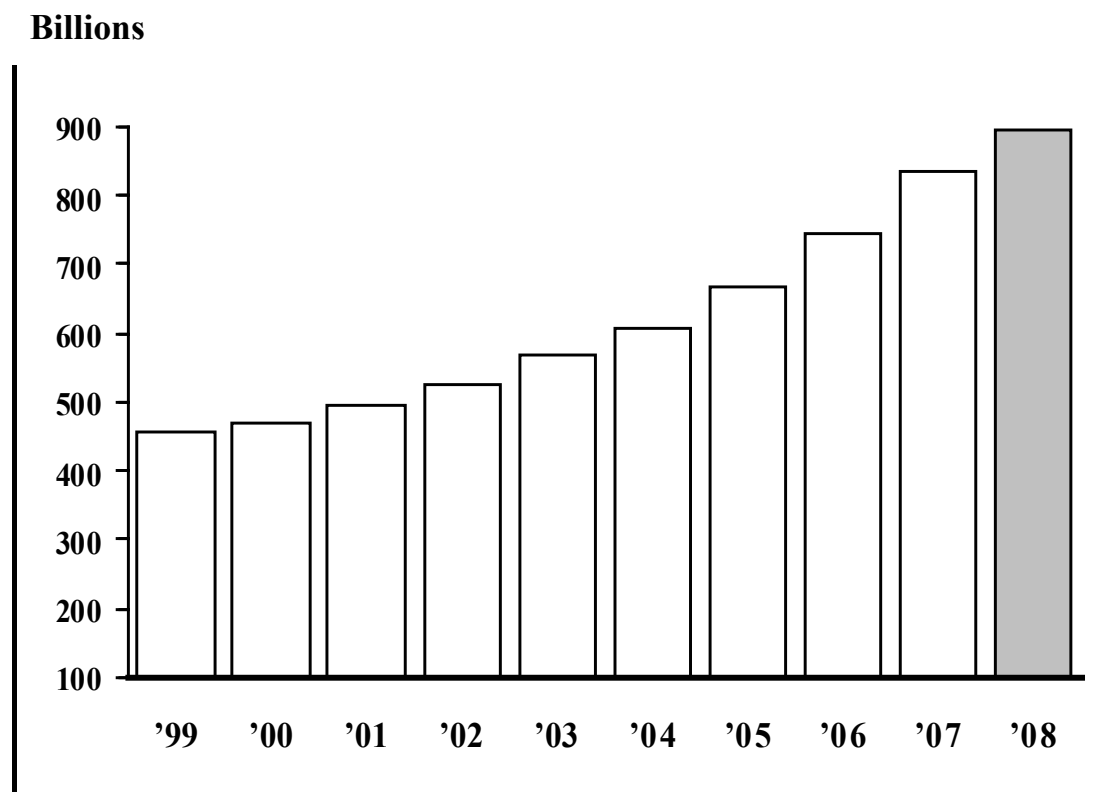
# Summary of 2008 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 8

## NUMBER OF APPEALS IN EACH FILING FEE CATEGORY

| COUNTY            | \$5   | \$25   | \$100 | \$150 | Classification<br>\$25 | Other<br>\$25 | No Fee | Total  |
|-------------------|-------|--------|-------|-------|------------------------|---------------|--------|--------|
| <b>Atlantic</b>   | 665   | 1,816  | 542   | 228   | 0                      | 2             | 135    | 3,388  |
| <b>Bergen</b>     | 81    | 1,475  | 1,081 | 574   | 6                      | 0             | 910    | 4,127  |
| <b>Burlington</b> | 101   | 501    | 189   | 120   | 13                     | 0             | 339    | 1,263  |
| <b>Camden</b>     | 105   | 275    | 71    | 26    | 1                      | 12            | 180    | 670    |
| <b>Cape May</b>   | 27    | 558    | 404   | 238   | 1                      | 0             | 20     | 1,248  |
| <b>Cumberland</b> | 24    | 39     | 2     | 5     | 31                     | 0             | 41     | 142    |
| <b>Essex</b>      | 1,154 | 1,211  | 904   | 266   | 0                      | 92            | 0      | 3,627  |
| <b>Gloucester</b> | 306   | 226    | 30    | 8     | 0                      | 0             | 91     | 661    |
| <b>Hudson</b>     | 403   | 736    | 134   | 45    | 0                      | 61            | 90     | 1,469  |
| <b>Hunterdon</b>  | 101   | 184    | 125   | 16    | 2                      | 0             | 56     | 484    |
| <b>Mercer</b>     | 59    | 264    | 118   | 28    | 1                      | 0             | 81     | 551    |
| <b>Middlesex</b>  | 305   | 428    | 125   | 28    | 3                      | 0             | 69     | 958    |
| <b>Monmouth</b>   | 304   | 709    | 413   | 288   | 15                     | 2             | 131    | 1,862  |
| <b>Morris</b>     | 1,022 | 424    | 314   | 118   | 3                      | 3             | 155    | 2,039  |
| <b>Ocean</b>      | 1,247 | 2,239  | 260   | 108   | 135                    | 0             | 162    | 4,151  |
| <b>Passaic</b>    | 481   | 2,480  | 451   | 45    | 0                      | 1             | 118    | 3,576  |
| <b>Salem</b>      | 55    | 93     | 7     | 1     | 5                      | 0             | 9      | 170    |
| <b>Somerset</b>   | 15    | 201    | 111   | 53    | 4                      | 0             | 139    | 523    |
| <b>Sussex</b>     | 83    | 440    | 90    | 8     | 4                      | 2             | 167    | 794    |
| <b>Union</b>      | 360   | 397    | 95    | 11    | 5                      | 0             | 10     | 878    |
| <b>Warren</b>     | 199   | 163    | 11    | 6     | 0                      | 16            | 0      | 395    |
| <b>TOTALS</b>     | 7,097 | 14,859 | 5,477 | 2,220 | 229                    | 191           | 2,903  | 32,976 |

## Total Taxable Value Land and Improvements in New Jersey 1999 – 2008



### 2008 County Values

|            |                   |              |                          |
|------------|-------------------|--------------|--------------------------|
| Atlantic   | \$ 44,606,022,900 | Middlesex    | \$ 48,514,770,760        |
| Bergen     | 154,617,123,117   | Monmouth     | 91,513,830,948           |
| Burlington | 35,058,774,152    | Morris       | 76,707,550,439           |
| Camden     | 25,426,691,520    | Ocean        | 68,422,134,513           |
| Cape May   | 51,370,348,247    | Passaic      | 30,262,972,765           |
| Cumberland | 5,488,820,515     | Salem        | 4,324,664,316            |
| Essex      | 61,107,810,231    | Somerset     | 54,618,559,886           |
| Gloucester | 16,725,045,451    | Sussex       | 15,075,530,998           |
| Hudson     | 22,011,612,861    | Union        | 23,980,430,425           |
| Hunterdon  | 21,450,503,730    | Warren       | 10,377,827,475           |
| Mercer     | 31,013,249,672    | <b>Total</b> | <b>\$892,674,274,921</b> |

# Taxes Administered by the Public Utility Tax Section for 2009 (Calendar Year Due)

## Public Utility Taxes (Excise, Franchise, and Gross Receipts Taxes), Transitional Energy Facility Assessment (TEFA), and Uniform Transitional Utility Assessment (UTUA)

Assessed by the State and Available for Appropriation and Distribution to Municipalities  
Distribution Subject to Budgetary and Statutory Limitations and Restrictions

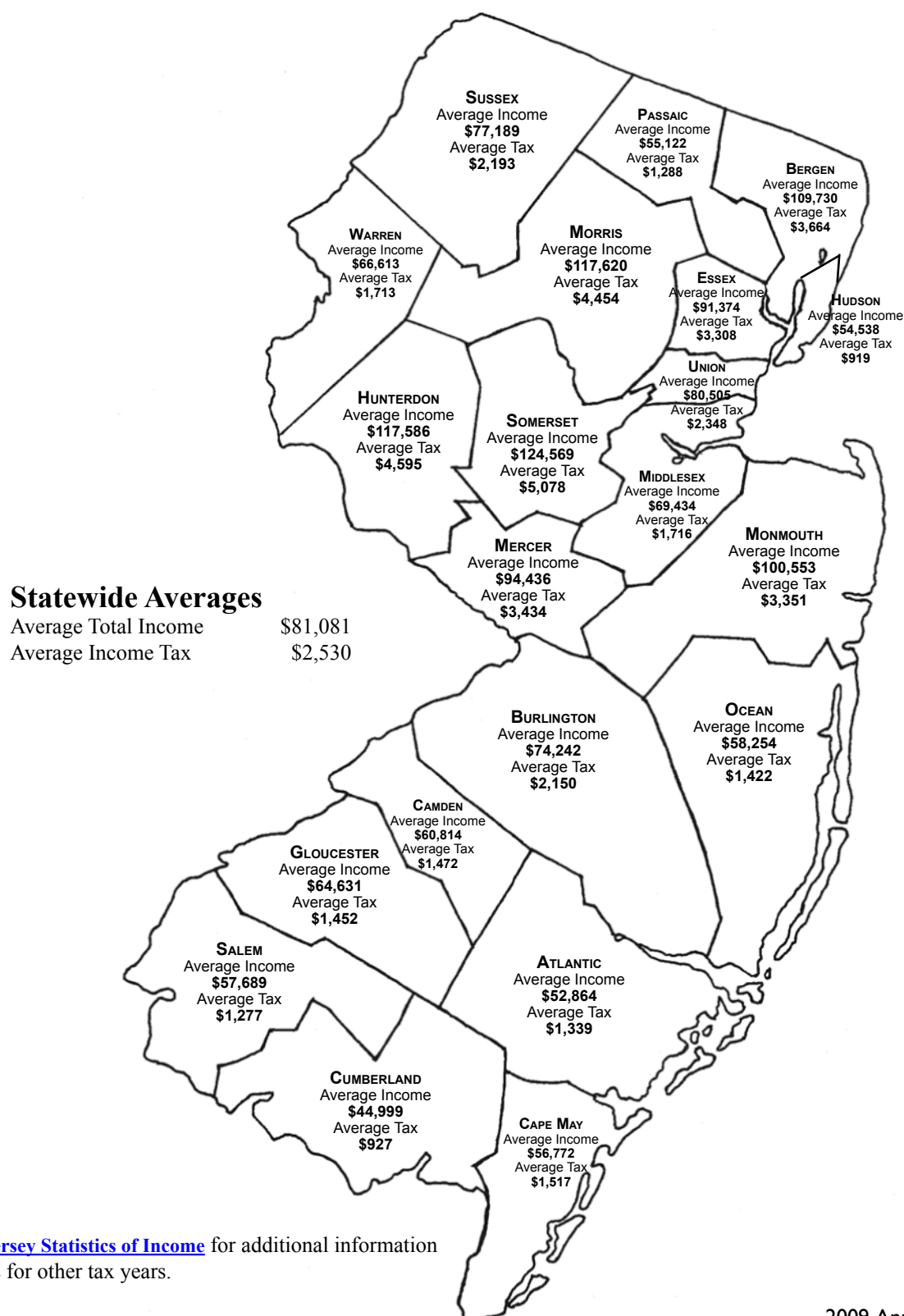
| PUBLIC UTILITY TAXES                |                     |                 |                    |                            |                      |                                     |
|-------------------------------------|---------------------|-----------------|--------------------|----------------------------|----------------------|-------------------------------------|
| Classification                      | No. of<br>Companies | Excise<br>Taxes | Franchise<br>Taxes | Gross<br>Receipts<br>Taxes | TEFA                 | UTUA<br>(CBT)      UTUA<br>(S&U-EN) |
| Sewer Companies.....                | 18                  | \$ 562,193      | \$ 1,523,934       | \$ 2,845,739               | NA                   | NA                                  |
| Water Companies .....               | 37                  | 11,693,013      | 37,219,356         | 59,195,253                 | NA                   | NA                                  |
| Energy Companies .....              | 17                  | NA              | NA                 | NA                         | \$234,488,752        | \$528,626,130                       |
| Telephone Companies .....           | 3                   | NA              | NA                 | NA                         | NA                   | 1,548,574                           |
| Totals .....                        | 75                  | \$12,255,206    | \$38,743,290       | \$62,040,992               | \$234,488,752        | \$528,626,130                       |
| <b>Total Net Tax Assessed .....</b> |                     |                 |                    |                            | <b>\$997,152,698</b> |                                     |

## Individual Income Tax Returns County Profile 2007\*

| County         | No. of Returns   | NJ Taxable Income        | Net Charged Tax         |
|----------------|------------------|--------------------------|-------------------------|
| Atlantic       | 118,362          | \$ 5,346,645,059         | \$ 158,489,586          |
| Bergen         | 398,171          | 39,912,110,112           | 1,459,050,462           |
| Burlington     | 190,147          | 12,377,287,201           | 408,760,113             |
| Camden         | 214,630          | 11,359,542,856           | 315,931,071             |
| Cape May       | 40,032           | 1,921,934,123            | 60,738,677              |
| Cumberland     | 57,378           | 2,195,106,140            | 53,190,373              |
| Essex          | 318,472          | 26,760,320,296           | 1,053,376,182           |
| Gloucester     | 120,111          | 6,728,256,699            | 174,347,383             |
| Hudson         | 258,906          | 12,840,887,755           | 237,859,384             |
| Hunterdon      | 53,043           | 5,639,136,830            | 243,711,949             |
| Mercer         | 147,818          | 12,666,365,764           | 507,541,390             |
| Middlesex      | 343,794          | 21,010,017,898           | 589,822,628             |
| Monmouth       | 274,233          | 24,878,290,285           | 919,061,529             |
| Morris         | 215,382          | 23,074,812,873           | 959,395,120             |
| Ocean          | 242,115          | 11,647,890,404           | 344,196,023             |
| Passaic        | 216,146          | 10,313,251,694           | 278,362,455             |
| Salem          | 25,656           | 1,268,566,480            | 32,775,245              |
| Somerset       | 141,055          | 16,141,828,441           | 716,299,899             |
| Sussex         | 60,487           | 4,084,024,555            | 132,668,044             |
| Union          | 232,208          | 16,778,169,111           | 545,232,647             |
| Warren         | 44,485           | 2,543,315,405            | 76,196,404              |
| County Unknown | 254,886          | 18,439,478,063           | 772,368,471             |
| <b>Totals</b>  | <b>3,967,517</b> | <b>\$287,927,238,043</b> | <b>\$10,039,375,035</b> |

\*See [New Jersey Statistics of Income](#) for additional information and reports for other tax years.

# Average Total Income and Average Income Tax By County — Tax Year 2007\*



\*See [New Jersey Statistics of Income](#) for additional information and reports for other tax years.

# **Sales and Use Tax Collections by Business Type** **Return Years 2006–2008** (Dollar Amounts in Thousands)

| Business Type               | Number of Vendors |                | Total Collections |                    | % Change           |                    |
|-----------------------------|-------------------|----------------|-------------------|--------------------|--------------------|--------------------|
|                             | 2006              | 2007           | 2008              | 2006               | 2007               | 2008               |
| <b>Exempt Organizations</b> | 784               | 780            | 772               | \$ 4,567           | \$ 5,774           | \$ 6,173           |
| <b>Manufacturing</b>        | 19,430            | 20,490         | 20,922            | 405,244            | 465,379            | 480,197            |
| <b>Service</b>              | 85,071            | 87,788         | 88,514            | 1,796,736          | 2,284,579          | 2,149,215          |
| <b>Wholesale</b>            | 11,250            | 11,357         | 11,336            | 318,771            | 362,464            | 335,983            |
| <b>Construction</b>         | 18,709            | 19,059         | 18,855            | 161,207            | 178,974            | 172,905            |
| <b>Retail</b>               | 79,025            | 77,141         | 73,689            | 4,040,094          | 4,419,608          | 4,166,496          |
| <b>Government</b>           | 39                | 43             | 31                | 3,312              | 3,227              | 1,019              |
| <b>Not Classified</b>       | 8,899             | 9,282          | 9,299             | 101,099            | 133,233            | 160,007            |
| <b>Totals</b>               | <b>223,207</b>    | <b>225,940</b> | <b>223,418</b>    | <b>\$6,831,031</b> | <b>\$7,853,237</b> | <b>\$7,471,996</b> |
|                             |                   |                |                   |                    | <b>15.0%</b>       | <b>-4.9%</b>       |

## 2009 Major Taxes Comparison with Nearby States

|                                                                                                                                                                                 | CT                   | DE                           | MD            | MA                | NJ                         | NY<br>State       | NY<br>City                     | OH                         | PA                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------------------------------|---------------|-------------------|----------------------------|-------------------|--------------------------------|----------------------------|---------------------|
| <b>CORPORATION<br/>NET INCOME</b>                                                                                                                                               | 7.5%                 | 8.7%                         | 8.25%         | 9.5%              | 6.5%,<br>7.5%,<br>9%       | 7.1%              | 8.85%                          | 5.1%,<br>8.5%              | 9.99%               |
| <b>PERSONAL<br/>INCOME</b>                                                                                                                                                      | *3%–<br>6.5%         | *0%–<br>5.95%                | *2%–<br>6.25% | 5.3%              | *1.4%–<br>10.75%           | *4%–<br>8.97%     | *2.55%–<br>3.2%                | *0.587%–<br>5.925%         | 3.07%               |
| *Graduated Rates                                                                                                                                                                |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <b>MOTOR FUELS<sup>1</sup></b>                                                                                                                                                  |                      |                              |               |                   |                            |                   |                                |                            |                     |
| • <b>Excise Tax/Gal.</b>                                                                                                                                                        |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <b>Gasoline</b>                                                                                                                                                                 | \$0.25               | \$0.23                       | \$0.235       | \$0.21            | <b>\$0.105<sup>3</sup></b> | \$0.08            | 0                              | \$0.28                     | \$0.312             |
| <b>Diesel</b>                                                                                                                                                                   | \$0.451 <sup>2</sup> | \$0.22                       | \$0.2425      | \$0.21            | <b>\$0.135</b>             | \$0.08            | 0                              | \$0.28                     | \$0.381             |
| • <b>Sales Tax</b>                                                                                                                                                              | 6%                   | None                         | 6%            | 6.25%             | <b>0</b>                   | 4%                | 4.875%                         | 5.5%                       | 6%                  |
| <sup>1</sup> Various other taxes are applied to motor fuels in the states of Delaware, New Jersey, New York, Ohio, and Pennsylvania.                                            |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <sup>2</sup> Effective July 1, 2009.                                                                                                                                            |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <sup>3</sup> Liquefied petroleum gas and compressed natural gas used in motor vehicles on public highways is taxed at ½ the general motor fuels tax rate (\$0.0525 per gallon). |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <b>ALCOHOL</b>                                                                                                                                                                  |                      |                              |               |                   |                            |                   |                                |                            |                     |
| • <b>Excise Tax/Gal.</b>                                                                                                                                                        |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <b>Beer</b>                                                                                                                                                                     | \$0.20               | \$0.16                       | \$0.09        | \$0.11            | <b>\$0.12</b>              | \$0.14            | \$0.26 <sup>1</sup>            | \$0.18                     | \$0.08              |
| <b>Wine</b>                                                                                                                                                                     | \$0.60–<br>\$1.50    | \$0.97                       | \$0.40        | \$0.55–<br>\$0.70 | <b>\$0.875</b>             | \$0.30            | \$0.30                         | \$0.30–<br>\$1.48          | See Foot-<br>note 3 |
| <b>Liquor</b>                                                                                                                                                                   | \$2.05,<br>\$4.50    | \$2.50,<br>\$3.75,<br>\$4.85 | \$1.50        | \$1.10–<br>\$4.05 | <b>\$5.50</b>              | \$2.54,<br>\$6.44 | \$3.54,<br>\$7.44 <sup>1</sup> | See Foot-<br>notes 2 and 3 | See Foot-<br>note 3 |
| • <b>Sales Tax</b>                                                                                                                                                              | 6%                   | None                         | 6%            | 6.25%             | <b>7%</b>                  | 4%                | 8.875% <sup>1</sup>            | 5.5%                       | 6%                  |
| <sup>1</sup> New York City rate includes New York State rate.                                                                                                                   |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <sup>2</sup> Ohio Department of Liquor Control must pay the State Treasury \$3.38 for each gallon sold.                                                                         |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <sup>3</sup> In these states, the government directly controls all sales. Revenue is generated from various taxes, fees, and net profits.                                       |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <b>TOBACCO</b>                                                                                                                                                                  |                      |                              |               |                   |                            |                   |                                |                            |                     |
| • <b>Excise Tax</b>                                                                                                                                                             |                      |                              |               |                   |                            |                   |                                |                            |                     |
| <b>Cigarettes (20/pack)</b>                                                                                                                                                     | \$3.00               | \$1.60                       | \$2.00        | \$2.51            | <b>\$2.70</b>              | \$2.75            | \$1.50                         | \$1.25                     | \$1.60              |
| <b>Other Tobacco<br/>    (% of Wholesale Price)</b>                                                                                                                             | 27.5%                | 15%                          | 15%           | 90%               | <b>30%</b>                 | 46%               | 46%                            | 17%                        | 0                   |
| • <b>Sales Tax</b>                                                                                                                                                              | 6%                   | None                         | 6%            | 6.25%             | <b>7%</b>                  | 4%                | 4.875%                         | 5.5%                       | 6%                  |

## 2009 Major Taxes Comparison with Nearby States (continued)

| SALES AND USE    | CT   | DE   | MD   | MA    | NJ   | NY<br>State     | NY<br>City          | OH                | PA              |
|------------------|------|------|------|-------|------|-----------------|---------------------|-------------------|-----------------|
| YEAR OF ADOPTION | 1947 | —    | 1947 | 1966  | 1966 | 1965            | 1965                | 1934              | 1953            |
| CURRENT RATE     | 6%   | None | 6%   | 6.25% | 7%   | 4% <sup>1</sup> | 8.875% <sup>2</sup> | 5.5% <sup>3</sup> | 6% <sup>4</sup> |

<sup>1</sup> State rate is 4%; counties and municipalities may impose additional tax up to 4.125% plus an additional metropolitan area surcharge of .25%.

<sup>2</sup> New York City rate includes New York State rate.

<sup>3</sup> State rate is 5.5%; each county may impose an additional 1.5%.

<sup>4</sup> 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 <sup>1</sup> | T              | T              | T              | T              | T              |
| Cigarettes              | T              | E   | T              | T              | T              | T              | T              | T              | T              |
| Clothing                | E <sup>2</sup> | E   | T              | E <sup>3</sup> | E              | T              | T              | T              | E              |
| Food Off–Premises       | E <sup>4</sup> | E   | E <sup>4</sup> | E <sup>4</sup> | E <sup>5</sup> | E <sup>4</sup> | E <sup>4</sup> | E <sup>4</sup> | E <sup>4</sup> |
| Liquor On–Premises      | T              | E   | T              | T              | T              | T              | T              | T              | T              |
| Liquor Off–Premises     | T              | E   | T              | E <sup>1</sup> | T              | T              | T              | T              | T              |
| Manufacturing Equipment | E              | E   | E              | E              | E              | E              | E              | E              | E              |
| Motor Fuels             | E              | E   | E              | E <sup>6</sup> | 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.

<sup>1</sup> If purchased as “take-out” item from a package store.

<sup>2</sup> Single article under \$50; however, single article \$50 or over is taxable.

<sup>3</sup> Single article \$175 and under; however, single article over \$175 is taxed on the amount in excess of \$175.

<sup>4</sup> 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.

<sup>5</sup> If purchase is of food and food ingredients and dietary supplements; however, prepared food, candy, and soft drinks are subject to tax.

<sup>6</sup> 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, 2009)

| State             | Personal<br>Income<br>(%) | Corporation Net<br>Income<br>(Excluding Surtax)<br>(%) | Sales<br>(%) | Motor Fuels<br>(Per Gallon)<br>(\$) | Cigarettes<br>(20-Pack)<br>(\$) |
|-------------------|---------------------------|--------------------------------------------------------|--------------|-------------------------------------|---------------------------------|
| Alabama           | *2%–5%                    | 6.5%                                                   | 4%           | \$0.16                              | \$0.425                         |
| Alaska            | None                      | *1–9.4                                                 | None         | 0.08                                | 2.00                            |
| Arizona           | *2.59–4.54                | 6.968                                                  | 5.6          | 0.18                                | 2.00                            |
| Arkansas          | *1–7                      | *1–6.5                                                 | 6            | 0.215                               | 1.15                            |
| California        | *1.25–9.55                | 8.84                                                   | 8.25         | 0.18                                | 0.87                            |
| Colorado          | 4.63                      | 4.63                                                   | 2.9          | 0.22                                | 0.84                            |
| Connecticut       | *3–6.5                    | 7.5                                                    | 6            | 0.25                                | 3.00                            |
| Delaware          | *0–5.95                   | 8.7                                                    | None         | 0.23                                | 1.60                            |
| Dist. of Columbia | *4–8.5                    | 9.975                                                  | 6            | 0.235                               | 2.50                            |
| Florida           | None                      | 5.5                                                    | 6            | 0.161                               | 0.339                           |
| Georgia           | *1–6                      | 6                                                      | 4            | 0.075                               | 0.37                            |
| Hawaii            | *1.4–4.0                  | *4.4–6.4                                               | 4            | 0.17                                | 2.60                            |
| Idaho             | *1.6–7.8                  | 7.6                                                    | 6            | 0.25                                | 0.57                            |
| Illinois          | 3                         | 4.8                                                    | 6.25         | 0.19                                | 0.98                            |
| Indiana           | 3.4                       | 8.5                                                    | 7            | 0.18                                | 0.995                           |
| Iowa              | *0.36–8.98                | *6–12                                                  | 6            | 0.21                                | 1.36                            |
| Kansas            | *3.5–6.45                 | 4                                                      | 5.3          | 0.24                                | 0.79                            |
| Kentucky          | *2–6                      | *4–6                                                   | 6            | 0.232                               | 0.60                            |
| Louisiana         | *2–6                      | *4–8                                                   | 4            | 0.20                                | 0.36                            |
| Maine             | *2–8.5                    | *3.5–8.93                                              | 5            | 0.295                               | 2.00                            |
| Maryland          | *2–6.25                   | 8.25                                                   | 6            | 0.235                               | 2.00                            |
| Massachusetts     | 5.3                       | 9.5                                                    | 6.25         | 0.21                                | 2.51                            |
| Michigan          | 4.35                      | 4.95                                                   | 6            | 0.19                                | 2.00                            |
| Minnesota         | *5.35–7.85                | 9.8                                                    | 6.875        | 0.255                               | 1.56                            |
| Mississippi       | *3–5                      | *3–5                                                   | 7            | 0.18                                | 0.68                            |

## Major State Tax Rates (continued)

(On July 1, 2009)

| State             | Personal<br>Income<br>(%) | Corporation Net<br>Income<br>(Excluding Surtax)<br>(%) | Sales<br>(%) | Motor Fuels<br>(Per Gallon)<br>(\$) | Cigarettes<br>(20-Pack)<br>(\$) |
|-------------------|---------------------------|--------------------------------------------------------|--------------|-------------------------------------|---------------------------------|
| Missouri          | *1.5%–6%                  | 6.25%                                                  | 4.225%       | \$0.17                              | \$0.17                          |
| Montana           | *1–6.9                    | 6.75                                                   | None         | 0.27                                | 1.70                            |
| Nebraska          | *2.56–6.84                | *5.58–7.81                                             | 5.5          | 0.264                               | 0.64                            |
| Nevada            | None                      | None                                                   | 6.85         | 0.24                                | 0.80                            |
| New Hampshire     | 5 <sup>1</sup>            | 8.5                                                    | None         | 0.18                                | 1.78                            |
| New Jersey        | <b>*1.4–10.75</b>         | <b>6.5, 7.5, 9</b>                                     | <b>7</b>     | <b>0.105</b>                        | <b>2.70</b>                     |
| New Mexico        | *1.7–4.9                  | *4.8–7.6                                               | 5            | 0.17                                | 0.91                            |
| New York          | *4–8.97                   | 7.1                                                    | 4            | 0.08                                | 2.75                            |
| North Carolina    | *6–7.75                   | 6.9                                                    | 5.75         | 0.299                               | 0.45                            |
| North Dakota      | *1.84–4.86                | *2.1–6.4                                               | 5            | 0.23                                | 0.44                            |
| Ohio              | *0.587–5.925              | 5.1, 8.5                                               | 5.5          | 0.28                                | 1.25                            |
| Oklahoma          | *0.5–5.25                 | 6                                                      | 4.5          | 0.16                                | 1.03                            |
| Oregon            | *5–11                     | 6.6, 7.9                                               | None         | 0.24                                | 1.18                            |
| Pennsylvania      | 3.07                      | 9.99                                                   | 6            | 0.312                               | 1.60                            |
| Rhode Island      | *3.75–9.9 <sup>2</sup>    | 9                                                      | 7            | 0.32                                | 3.46                            |
| South Carolina    | *0–7                      | 5                                                      | 6            | 0.16                                | 0.07                            |
| South Dakota      | None                      | None                                                   | 4            | 0.22                                | 1.53                            |
| Tennessee         | 6 <sup>1</sup>            | 6.5                                                    | 7            | 0.20                                | 0.62                            |
| Texas             | None                      | *0.5–1.0                                               | 6.25         | 0.20                                | 1.41                            |
| Utah              | 5                         | 5                                                      | 4.7          | 0.245                               | 0.695                           |
| Vermont           | *3.55–9.4                 | *6–8.5                                                 | 6            | 0.19                                | 1.99                            |
| Virginia          | *2–5.75                   | 6                                                      | 4            | 0.175                               | 0.30                            |
| Washington        | None                      | None                                                   | 6.5          | 0.375                               | 2.025                           |
| West Virginia     | *3–6.5                    | 8.5                                                    | 6            | 0.205                               | 0.55                            |
| Wisconsin         | *4.6–7.75                 | 7.9                                                    | 5            | 0.309                               | 2.52                            |
| Wyoming           | None                      | None                                                   | 4            | 0.14                                | 0.60                            |
| <b>US AVERAGE</b> | <b>2.75%–6.64%</b>        | <b>6.07%–7.24%</b>                                     | <b>5.57%</b> | <b>\$0.21</b>                       | <b>\$1.30</b>                   |

\*Graduated Rates

<sup>1</sup>Imposed on interest and dividend income only.

<sup>2</sup>Or 25% of Federal income tax liability.

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