

**GOVERNOR'S STATEMENT UPON SIGNING  
ASSEMBLY BILL NO. 4495**

I am pleased to have approved Assembly Bill No. 4495 today. The bill, which makes several important revisions to the corporate business tax ("CBT") legislation I signed into law this summer, constitutes a vital component of the State's budgeted revenue under the State budget for Fiscal Year 2019. I commend the Legislature for its continued efforts to modernize our corporate tax structure.

I understand, however, that there exist concerns related to the bill's tax treatment of income from controlled foreign corporations, known as Global Intangible Low-Taxed Income ("GILTI"). Consistent with the federal Tax Cuts and Jobs Act, Assembly Bill No. 4495 treats GILTI as income and then allows a corporate taxpayer to claim a 50 percent deduction on this income. While I believe it is appropriate to mirror the federal law in this regard, I appreciate that newly taxing GILTI may disproportionately impact certain New Jersey taxpayers.

I am assured by the Department of the Treasury that the Director of the Division of Taxation maintains the discretion under existing law to provide relief to individual CBT taxpayers when appropriate to ensure the taxpayer's CBT obligation fairly reflects its liability. I have instructed Treasury and Taxation to work with individual taxpayers to determine whether such relief may be appropriate in their individual cases.

I have further directed Treasury and Taxation to closely monitor our peer states' treatment of GILTI. New Jersey today joins several states that have already acted to tax GILTI, but I am advised that some of our neighboring states are still considering options. My Administration will continue to evaluate the impact of our tax treatment of GILTI on New Jersey businesses and our competitiveness in the region. As Governor, I remain steadfast in my commitment to creating a stronger and fairer New Jersey and growing our economy over the long term.

Date: October 4, 2018

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor