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# 2013 Annual Report

State of New Jersey  
Department of the Treasury  
Division of Taxation

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March 2015

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, 2013. This report provides an overview of the Division's operations and details some of our accomplishments.

Our team at Taxation works tirelessly to administer New Jersey's tax laws fairly and efficiently to maximize State revenues, support public services, and improve voluntary compliance. During Fiscal Year 2013 electronic filing of corporation business tax returns began, streamlining the process for our business taxpayers. We also revised the use tax information in the NJ-1040 instructions to increase individual use tax compliance.

We are committed to providing taxpayers with the information and assistance they need to meet their tax obligations while remaining sensitive to difficult circumstances. In the aftermath of Superstorm Sandy the Division conducted a series of outreach events to provide tax assistance in municipalities most affected. We also joined the Monmouth County Superstorm Sandy Fraud Task Force to protect residents from victimization by fraudulent contractors, salespersons, and others looking to profit from the disaster.

The Division's progress during this period was a direct result of the hard work of our employees. It is only because of their dedication that we are able to achieve our goals.

Respectfully submitted,

Michael J. Bryan  
Director

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# CONTENTS

<b>Organization and Activities</b> .....	1
<b>Taxes and Programs Administered</b> .....	14
Table 1—Major State Revenue Collections .....	15
Statutory Responsibilities .....	16
Admissions Surcharge .....	17
Alcoholic Beverage Tax .....	17
Atlantic City Casino Taxes and Fees .....	17
Atlantic City Luxury Sales Tax .....	18
Atlantic City Tourism Promotion Fee .....	18
Cape May County Tourism Sales Tax .....	18
Cigarette Tax .....	19
Controlling Interest Transfer Tax .....	19
Corporation Business Tax .....	19
Cosmetic Medical Procedures Gross Receipts Tax .....	26
Domestic Security Fee .....	26
Gross Income Tax .....	27
Hotel/Motel Occupancy Fee/Municipal Occupancy Tax .....	32
Insurance Premiums Tax .....	32
Landfill Closure and Contingency Tax .....	32
Litter Control Fee .....	33
Local Property Tax .....	33
Motor Fuel Tax .....	35
Motor Vehicle Tire Fee .....	35
9-1-1 System and Emergency Response Assessment .....	36
Nursing Home Assessment .....	36
Petroleum Products Gross Receipts Tax .....	36
Property Tax Relief Programs .....	37
Public Community Water System Tax .....	41
Public Utility Franchise Tax .....	41
Public Utility Gross Receipts Tax .....	42
Public Utility Excise Tax .....	42
Railroad Franchise Tax .....	42
Railroad Property Tax .....	43
Realty Transfer Fee .....	43
Recycling Tax .....	45
Sales and Use Tax .....	46
Spill Compensation and Control Tax .....	50
Sports and Entertainment Facility Tax .....	51
Tobacco Products Wholesale Sales and Use Tax .....	51
Transfer Inheritance and Estate Taxes .....	52
Transitional Energy Facility Assessment .....	53
Uniform Transitional Utility Assessment .....	54
<b>Legislation and Court Decisions</b> .....	55

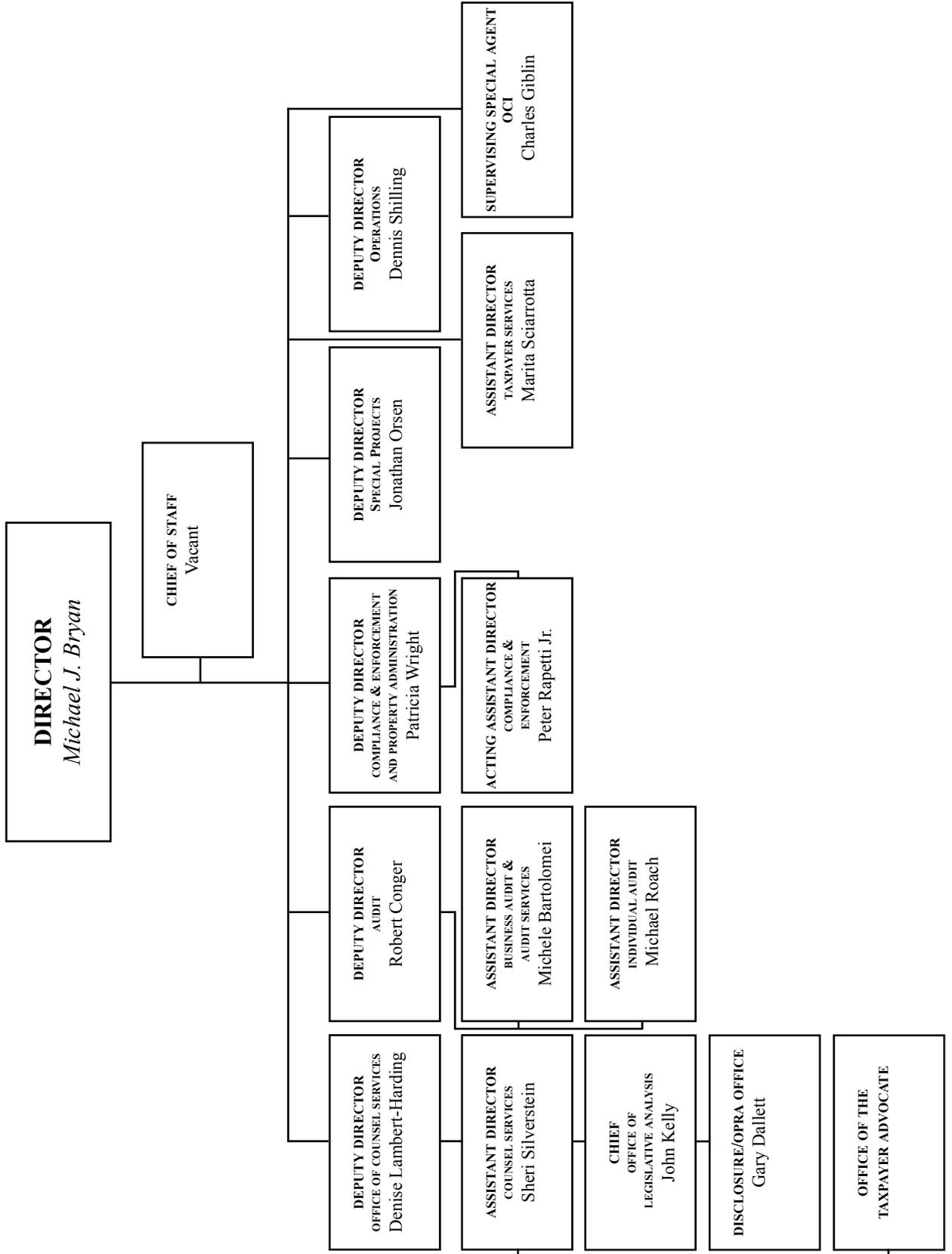
<b>Appendices</b> .....	66
A— General and Effective Property Tax Rates (2012) .....	A-1
B— Abstract of Ratables and Exemptions (2012) .....	B-1
C— Assessed Value of Partial Exemptions and Abatements (2012) .....	C-1
D— County Tax Board Appeals (2012) .....	D-1
E— Taxable Value of Land and Improvements (2003 – 2012) .....	E-1
F— Public Utility Taxes (2013).....	F-1
G— Individual Income Tax Returns—County Profile (2011) .....	G-1
H— Average Gross Income and Income Tax by County (2011).....	H-1
I— Sales and Use Tax Collections by Business Type (2010 – 2012).....	I-1

**New Jersey Division of Taxation**

**ORGANIZATION AND ACTIVITIES**

# DIVISION OF TAXATION ORGANIZATION

(CURRENT AS OF 2/23/15)



## AUDIT

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

### BUSINESS AUDIT & AUDIT SERVICES

#### 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, Hackensack, and Newark.

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

#### Out-of-State Field Audit

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

#### Excise Tax

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

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

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

#### Office Audit

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

The Branch is comprised of seven 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 Refund Audit Group is responsible for auditing and approving all Corporation Business Tax refund claims.

#### Audit Services

The Audit Services Branch is primarily responsible for the audit and processing of Sales and Use Tax refund claims from businesses and individuals, Corporation Business Tax Billings, and ensuring audit assessments generated by the Field Audit Branch, Out-of-State Field Audit Branch, Office Audit Branch, and Excise Tax Branch are timely billed.

This Branch is comprised of four groups. There are two Sales and Use Tax refund groups located in Hamilton Township, Mercer County. They are responsible for auditing and processing all Sales and Use Tax refund claims as well as many other types of refunds such as the Hotel/Motel State Occupancy Fee and Municipal Occupancy Tax, Cosmetic Medical Procedures Gross Receipts Tax, Atlantic City Luxury Sales Tax, Cape May County Tourism Sales Tax, Domestic Security Fee, 9-1-1 System and

Emergency Response Fee, Motor Vehicle Tire Fee, Sales and Use Energy Tax, Transitional Energy Facility Assessment, Recycling Tax, and the Nursing Home Assessment. These two refund groups are also responsible for auditing and processing Sales and Use Tax UEZ refund claims filed by UEZ certified businesses for property and services used exclusively in a zone. The Corporate Billing Group is responsible for reviewing all deficiencies generated by Corporation Business Tax filings. The Audit Billing Group provides billing and collection support for Audit Activity.

## **INDIVIDUAL AUDIT**

### **Gross Income Tax Audit**

The Gross Income Tax Audit Branch, which is comprised of eight audit teams, is responsible for auditing Gross Income Tax returns filed with the State of New Jersey. The audits are done using a variety of criteria developed within the Branch, utilizing information from the Internal Revenue Service, neighboring states, and other New Jersey agencies, where applicable. The section provides technical support to Taxation's Data Warehouse Branch on the development of its Gross Income Tax direct billing and other audit support projects as well as answering taxpayer correspondence generated by these projects. The section is also responsible for film tax credits and refunds, Neighborhood Revitalization Tax Credit, Angel Investor Tax Credit, authorizing partnership refunds, and pursuing delinquent resident and nonresident taxpayers both separately and in joint projects with other Division branches.

### **Transfer Inheritance and Estate Taxes**

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

### **Audit Selection and Technical Support**

The Audit Selection and Technical Support Unit provides Audit Activity with audit candidates and also provides audit, technical, and clerical support to every aspect of Audit Activity.

### **Data Warehouse**

The Taxation Data Warehouse (TDW) Branch utilizes data from various Federal and State agencies to develop

Defined Business Intelligence Applications (DBIA), develops reports, answers data requests, and provides information to other State Agencies as outlined in Data Sharing Agreements. The DBIAs identify taxpayers that are nonfilers and/or underreporters as well as identifying potential refund fraud. Once the DBIA is created, TDW mails notices of liability to taxpayers while working closely with staff from Audit, Compliance, and Taxpayer Services to realize increased collections and taxpayer compliance.

TDW has accomplished multiple objectives of the Division of Taxation including revenue enhancements, operating cost reductions, improved data integrity and validation, standardization of analytical processes, and greater flexibility in the use of multiple data sources. TDW continues to utilize Scoring and Ranking Models which use actual response data to score and prioritize the leads, allowing the Division to focus on the most productive cases. More recently, TDW has worked closely with the Audit Selection Unit to develop an enhanced Audit Selection Model. To date, TDW has over 800 End Users who access the data from the warehouse via Business Objects Reports, the TDW Standard Tracking Database, and direct access. The various tools allow users to access specific data to assist in the completion of their unit's goals.

TDW provides data to support many initiatives within the Division and throughout the State, including providing data for the fraud detection system Return Evaluation Case Selection System (RECSS) project, providing data and reports to identify other fraud schemes, providing the Department of Community Affairs (DCA) with data on Urban Enterprise Zone (UEZ) applicants, providing the Division of Revenue and Enterprise Services, Commercial Recording with information on the status of corporate taxpayers, and providing Family Care and Department of Health and Human Services with income threshold validation. Data Sharing Agreements with NJ Kids, the Office of Management and Budget (OMB), and the Higher Education Student Assistance Authority (HESAA) are in various stages of development and testing.

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## TAXPAYER SERVICES

### Customer Services

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

The **Customer Service Center** is a state-of-the-art telephone facility which handles thousands of calls each day. Customers speak to live representatives who provide general and technical information regarding individual income tax, property tax relief programs, and most business taxes and fees administered by the Division. In some cases this consists of reviewing tax returns for accuracy before issuing a refund or bill. In other cases this means reviewing correspondence submitted by taxpayers who disagree with a notice they received. The Customer Service Center also staffs the Tax Practitioner Hotline, a special service for tax practitioners who need assistance in resolving client problems that they have been unable to resolve through normal channels.

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

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

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

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

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

### Taxpayer Accounting

The Taxpayer Accounting Branch provides assistance to taxpayers by resolving discrepancies found on their individual income tax returns, including those relating to the various property tax relief programs administered by the Division. In some cases, this consists of reviewing tax returns to verify the correctness of processing before issuing a refund or bill. In other cases, this means reviewing correspondence submitted by taxpayers who disagree with a notice they received. The Branch also is responsible for the review of partnership tax returns and many, but not all, business tax returns. That work also entails reviewing returns as well as replying to correspondence sent to the Division by businesses that receive a notification of change to their account. The Branch now employs a Correspondence Tracking System (CTS) which allows correspondence to be processed and tracked electronically through the use of imaging technology. The Branch consists of the following units:

The **TGI Correspondence and Review Units** examine individual income tax returns to correct errors in processing as well as review and process documents sent to the Division as a result of a Notice of Adjustment. The units correct accounts and issue refunds or bills with letters explaining the nature of any adjustments or changes made to an individual's income tax account. The Correspondence Unit also receives, reviews, and responds to emails sent to the Division. The majority of these emails are general requests for information or assistance, which are replied to directly by unit staff. Some requests may be forwarded to other areas for handling.

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

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

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

Investigation and often refers accounts to that office for additional action.

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

### Technical Information

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

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

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

The **Plain Language Unit** is responsible for reviewing the Division's written communications with the public to ensure the language used is easy to read and understand. The unit also prepares replies to general taxpayer correspondence and referrals.

## COMPLIANCE & ENFORCEMENT

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

### Compliance Services Branch

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

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

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

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

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

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

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

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

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

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

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

**Identity Theft Unit** reviews all potential identity theft reports submitted to the Division of Taxation, determines whether or not identity theft has occurred, and corresponds with taxpayers appropriately. The unit coordinates with the Office of Criminal Investigation for final

resolution of identity theft matters and maintains an identity database for monthly report statistics.

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

**Contract Liaison Unit** provides quality assurance to outside vendors which have been awarded public contracts to pursue delinquent and deficient taxes for the Division. The current vendor, Pioneer Credit Recovery (PCR), pursues taxpayers after the initial billing by the Division of Taxation goes unresolved. A referral cost recovery fee of 10% of the liability is added to help defray the cost of using the vendor.

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

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

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

## Field Investigations Branch

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

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

on-the-spot jeopardy assessments against uncooperative transient vendors if necessary.

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

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

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

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## PROPERTY ADMINISTRATION

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

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

### Local Property

#### *Policy and Planning Section*

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

*Revaluations/Reassessments/Continuing Education Unit* reviews and approves revaluation and reassessment programs, applications, and contracts; reviews and certifies the dollar amounts for State reimbursement to local taxing districts for senior citizens' and veterans' property tax deductions; compiles the annual Farmland Data Report and Farmland Rollback Report; administers assessors' continuing education and recertification programs; and collects, reviews, and maintains employment information that pertains to municipal assessors, such as tenure and term of office.

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

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

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

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

*Field Unit* provides direct assistance in solving problems to 541 municipal tax assessors' offices, 1 county assessor's office, and 21 county boards of taxation; investigates SR-1As for sales ratio purposes; gathers and verifies data for the Table of Equalized Valuations; in cooperation with

the Deputy Attorney General assigned to Division of Taxation defends the Table of Equalized Valuations at appeal.

*Sales Ratio/Equalization Unit* oversees the Assessment-Sales Ratio Program and ensures that county tax boards and assessors receive and send timely electronic transmissions of sales data; performs investigations of sales ratio methodologies and appraises real property; and develops the annual Table of Equalized Valuations from the data analyzed. The Table shows the average ratio of assessed to true value of real estate for each municipality in the State. It 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. This unit also reviews and corrects county equalization and county abstracts of ratables for all 21 counties; prepares the State Abstract of Ratables and annual State Equalization Table; and answers all equalization questions.

*Tax Map Unit* reviews and approves municipal tax maps for conformance to current specifications and, as required, for municipal revaluations or formal certification. The unit also develops and maintains the Handbook for County Boards of Taxation.

*Valuation and Railroad Property Units* value real property for Inheritance Tax purposes to assist the Transfer Inheritance and Estate Taxes Branch; maintain the Real Property Appraisal Manual for New Jersey Assessors; conduct special appraisal studies and investigations as required to meet unusual or unique circumstances; review, classify, assess, and tax railroad properties; assess and compute Railroad Franchise Tax; and determine railroad replacement revenues for municipalities in which railroad property is located.

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## CHIEF OF STAFF

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

### Management Services

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

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

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

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

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

### Data Systems

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

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

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

**Individual and Business Tax Systems.** Analysts determine systemic needs and provide data processing support including the development, monitoring, and maintenance of the individual income tax system, the various property tax relief programs, and 30 business tax systems administered by the Division. They have the ultimate responsibility of ensuring that all individual and business tax systems and property tax relief systems conform to all statutes, policies, and procedures of the Division.

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

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

## OFFICE OF COUNSEL SERVICES

### Conference and Appeals

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

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

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

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

## Office of Legislative Analysis and Disclosure

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

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

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

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

confidential State and Federal tax information, and responds to irregularities discovered by the office or by the IRS. The Disclosure Office is one of a few that were recognized nationally by the IRS for its outstanding internal procedures.

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

The Grant and Credit Monitoring Unit is responsible for issuing tax credit certificates to entities approved by the New Jersey Economic Development Authority. The unit also reviews grants to ensure that recipients thereof are eligible and in compliance with current tax law.

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

## Regulatory Services

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

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

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

## Office of the Taxpayer Advocate

The Office of the Taxpayer Advocate (OTA) provides an avenue of independent review for taxpayers with State tax problems that they have been unable to resolve through normal channels or who are facing "undue hardship" as a result of action or inaction by the Division of Taxation. The OTA can only assist taxpayers whose problems fall within the Division of Taxation's jurisdiction. The OTA cannot assist with problems that result from a determination or action of another State department or agency.

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

## OFFICE OF CRIMINAL INVESTIGATION (OCI)

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

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

The **Special Investigations Unit (SIU)** consists of sworn special agents who detect, investigate, and arrest violators of the Cigarette Tax Act, Motor Fuel Tax Act, Alcoholic Beverage Tax Act, and the Tobacco Products Wholesale Sales and Use Tax Act. Contraband smuggling and counterfeiting of tax indicia and goods are priority investigations. The seizure and forfeiture of currency, vehicles, and related equipment are tools used by OCI to deter violators.

The **Financial Investigations Unit (FIU)** is staffed by both forensic auditors and sworn special agents who investigate criminal violations involving the various taxes administered by the Division with a focus on Sales and Use Tax, Gross Income Tax, and Corporation Business Tax. Entrusted fund investigations receive particular attention. The forensic auditors assigned to FIU receive extensive criminal investigative training to augment their financial skills.

The **Special Frauds Unit (SFU)** works to identify refund fraud, false filings, and other criminal schemes designed to defraud the State. It assists in implementing systems and methods to prevent unlawful refunds in an ever-changing environment. It also supports the Federal "Stolen Identity Refund Fraud" task force.

The **Internal Security Unit (ISU)** handles confidential and sensitive matters, including internal investigations regarding professional responsibility; background investigations of prospective employees; and acts of threats,

harassment, or intimidation made by persons attempting to impede the functions of the Divisions of Taxation and Revenue and Enterprise Services. ISU provides training for new employees on confidentiality statutes, rules and policies, and bribery awareness issues. The Internal Affairs Officer, required by the New Jersey Attorney General, for all personnel in OCI is a permanent member of ISU and reports directly to the Special Agent in Charge.

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

Members of the Office of Criminal Investigation serve on Federal and State law enforcement task force units bringing financial investigative expertise and resources to multijurisdictional organizations serving the citizens of the State of New Jersey. Special Agents are instructors at many basic police training academies in a wide variety of subjects.

**New Jersey Division of Taxation**

**TAXES AND PROGRAMS ADMINISTERED**

**Table 1—Major State Revenue Collections (Net) Fiscal Years 2011–2013**

Revenue Source <sup>1</sup>	2013 <sup>2</sup>	% of Total	2012	% of Total	2011	% of Total	% Change 2012–13
<b>Collected by the Division:</b>							
Admissions Surcharge	\$ 0	0.0%	\$ 20,204	0.0%	\$ 265,299	0.0%	-100.0%
Alcoholic Beverage Tax (total revenue)	136,065,683	0.5	135,304,726	0.5	131,442,883	0.5	0.6
Casino Revenue <sup>3</sup>	214,859,415	0.7	264,608,573	1.0	24,203,185	0.1	-18.8
Cigarette Tax (total revenue)	731,863,307	2.5	771,124,681	2.8	769,244,577	2.9	-5.1
Controlling Interest Transfer Tax <sup>4</sup>	82,500,549	0.3	84,958,956	0.3	66,886,253	0.2	-2.9
Corporation Taxes:							
Corporation Business <sup>5</sup>	2,371,400,447	8.2	2,037,103,743	7.5	2,344,428,939	8.8	16.4
CBT Banks & Financials	164,215,968	0.6	106,378,294	0.4	118,280,750	0.4	54.4
Cosmetic Medical Procedures Tax	7,744,623	0.0	11,015,680	0.0	10,763,333	0.0	-29.7
Domestic Security Fee	29,948,681	0.1	32,191,180	0.1	30,758,399	0.1	-7.0
Environmental Taxes:							
Landfill Closure and Contingency	2,047,797	0.0	1,718,714	0.0	1,676,116	0.0	19.1
Litter Control	19,555,401	0.1	18,616,945	0.1	18,258,091	0.1	5.0
Public Community Water Systems	2,595,397	0.0	2,822,735	0.0	2,509,838	0.0	-8.1
Recycling	28,824,347	0.1	24,312,987	0.1	25,402,318	0.1	18.6
Spill Compensation	19,558,788	0.1	28,043,560	0.1	22,447,010	0.1	-30.3
Gross Income Tax	12,108,615,149	41.9	11,128,418,349	41.1	10,617,034,179	39.6	8.8
Hotel/Motel Occupancy Fee/Tax	92,179,102	0.3	85,182,162	0.3	78,238,345	0.3	8.2
Insurance Premiums Tax	568,484,471	2.0	532,306,762	2.0	465,081,765	1.7	6.8
Miscellaneous Revenues	10,335,181	0.0	10,511,384	0.0	9,885,212	0.0	-1.7
Mobile Telecommunications (9-1-1) Fee	122,792,835	0.4	124,939,069	0.5	125,952,063	0.5	-1.7
Motor Fuel Tax	524,557,104	1.8	539,714,372	2.0	524,166,890	2.0	-2.8
Motor Vehicle Tire Fee	8,958,321	0.0	8,730,627	0.0	9,006,719	0.0	2.6
Nursing Home Provider Assessment (tot. rev.)	131,035,831	0.5	123,504,835	0.5	125,382,539	0.5	6.1
Petroleum Products Tax	206,481,383	0.7	223,252,752	0.8	216,396,080	0.8	-7.5
Public Utility Excise Tax	15,431,795	0.1	14,372,712	0.1	14,791,773	0.1	7.4
Railroad Franchise Tax	6,796,651	0.0	7,093,932	0.0	5,883,460	0.0	-4.2
Railroad Property Tax	4,619,912	0.0	5,650,975	0.0	4,228,055	0.0	-18.2
Sales Taxes:							
Sales and Use <sup>5</sup>	8,454,788,087	29.2	8,099,548,866	29.9	8,144,397,344	30.4	4.4
Atlantic City Lux & Promo (Loc. Use)	34,781,186	0.1	33,336,623	0.1	31,237,764	0.1	4.3
Tobacco Products Wholesale	21,698,854	0.1	20,941,068	0.1	19,235,963	0.1	3.6
Cape May County Tourism (Loc. Use)	5,359,418	0.0	5,550,181	0.0	5,519,801	0.0	-3.4
Sports and Entertainment Facility Tax <sup>6</sup>	32,267	0.0	45,670	0.0	19,958	0.0	-29.3
<b>Transfer Inheritance and Estate Taxes</b>	<b>623,839,887</b>	<b>2.2</b>	<b>641,867,808</b>	<b>2.4</b>	<b>642,182,390</b>	<b>2.4</b>	<b>-2.8</b>
Revenue Collected by the Division	\$26,751,967,837	92.5%	\$25,123,189,125	92.7%	\$24,605,207,291	91.9%	6.5%
<b>Collected Outside the Division:</b>							
State Athletic Control Board (tot. rev.)	\$ 884,604	0.0%	\$ 801,655	0.0%	\$ 1,044,974	0.0%	10.3%
Casino Control	55,602,066	0.2	51,408,014	0.2	60,804,606	0.2	8.2
Casino Revenue <sup>7</sup>	0	0.0	0	0.0	266,263,583	1.0	0.0
Lottery	1,085,009,581	3.8	950,082,267	3.5	930,000,111	3.5	14.2
Motor Vehicle Fees (total revenue)	668,939,880	2.3	658,290,981	2.4	638,613,147	2.4	1.6
Outdoor Advertising (total revenue)	1,712,500	0.0	1,660,970	0.0	1,680,105	0.0	3.1
Realty Transfer (total revenue)	343,187,536	1.2	316,112,843	1.2	283,209,703	1.1	8.6
Revenue Collected Outside the Division	\$ 2,155,336,167	7.5%	\$ 1,978,356,730	7.3%	\$ 2,181,616,229	8.1%	8.9%
<b>Total Major State Revenue Collections</b>	<b>\$28,907,304,004</b>	<b>100.0%</b>	<b>\$27,101,545,855</b>	<b>100.0%</b>	<b>\$26,786,823,520</b>	<b>100.0%</b>	<b>6.7%</b>

<sup>1</sup> Figures are from the Comprehensive Annual Financial Report unless otherwise indicated.<sup>2</sup> The 2013 figures are subject to adjustment.<sup>3</sup> Prior to 2012 the Division of Taxation collected only the Casino Parking Fee.<sup>4</sup> Includes Realty Transfer Fee. See 2014 Annual Report for amounts collected for Controlling Interest Transfer Tax only.<sup>5</sup> Includes the on-budget amount of energy tax for sales tax and CBT.<sup>6</sup> New Jersey Division of Taxation Records.<sup>7</sup> Beginning January 1, 2012, the Division of Taxation assumed responsibility for certain taxes and fees previously collected by the Casino Control Commission.

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

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

## Statutory Responsibilities

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

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

## Admissions Surcharge

### Description

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

### Rate

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

### Disposition of Revenues

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

## Alcoholic Beverage Tax

### Description

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

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

### Rate

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

### Disposition of Revenues

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

## Atlantic City Casino Taxes and Fees

### Description

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

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

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

### Rate

Taxes and fees are assessed at the following rates:

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

### Disposition of Revenues

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

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## 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 Casino Reinvestment Development Authority.

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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 (as amended by P.L. 2011, C. 18 and P.L. 2012, C. 34), 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 Casino Reinvestment Development 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 \$2.70 per pack of 20 cigarettes and \$3.375 per pack of 25 cigarettes effective July 1, 2009.

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

### Disposition of Revenues

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

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## Controlling Interest Transfer Tax

### Description

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

### Rate

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

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

### Disposition of Revenues

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

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## Corporation Business Tax

### Description

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

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

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

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

### Rate

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

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

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

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

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

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

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

### Disposition of Revenues

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

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

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

### History

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

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

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

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

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

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

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

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

Net Income Tax rates have changed as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

P.L. 2012, C. 35, amends the Urban Transit Hub Tax Credit Act to increase the cap on the total amount of tax credits authorized under the Act, and extends the application deadline to maintain consistency with the Grow NJ Assistance Act, except that the deadline for applications for tax credits for wind energy facilities established under P.L. 2010, C. 57 (C. 34:1B-209.4) is not extended.

P.L. 2013, C. 14, the “New Jersey Angel Investor Tax Credit Act,” revives the expired Small New Jersey-Based High Technology Business Investment Tax Credit by establishing a Corporation Business Tax credit for entities investing in New Jersey emerging technology businesses.

### **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.

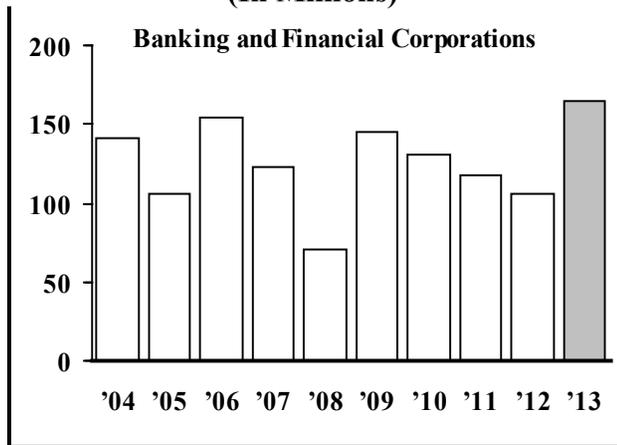
Chapter 170, P.L. 1975, provides that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes shall be the greater of (1) the amount which such banking corporation paid in calendar year 1975 as Bank Stock Tax, or (2) a sum equal to total of taxes paid 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
2004	\$141,432,025
2005	105,380,894
2006	153,839,428
2007	123,007,092
2008	70,850,577
2009	144,741,199
2010	130,405,775
2011	118,280,750
2012	106,378,294
<b>2013</b>	<b>164,215,968</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.

### Allocation Factor

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

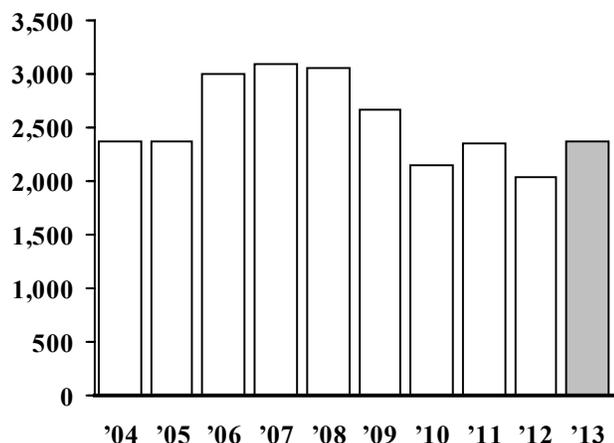
For privilege periods beginning on or after July 1, 2010, the throwout provision of the apportionment formula for corporation business tax has been eliminated along with the "regular place of business" requirement for taxpayers to allocate income. To allocate less than 100% of income to New Jersey, a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

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

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

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

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



Fiscal Year	Collections
2004	\$2,370,169,715
2005	2,368,105,017
2006	3,007,830,476
2007	3,084,921,689
2008	3,062,378,874
2009	2,665,161,794
2010	2,144,566,605
2011	2,344,428,939
2012	2,037,103,743
<b>2013</b>	<b>2,371,400,447</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 was originally 6% on gross receipts from cosmetic medical procedures and related goods and occupancies. P.L. 2011, C. 189, phases out the tax, reducing the rate to 4% on taxable services performed on or after July 1, 2012, but before July 1, 2013. The rate is further reduced to 2% on taxable services performed on or after July 1, 2013, but before July 1, 2014. For July 1, 2014, and thereafter, no tax is imposed.

**Disposition of Revenues**

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

**Domestic Security Fee**

**Description**

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

**Rate**

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

## Disposition of Revenues

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

## Gross Income Tax

### Description

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

### Rate

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

### Filing Threshold

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

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

### Exemptions

- Taxpayer, \$1,000.
- Taxpayer's spouse/civil union partner or domestic partner who does not file separately, \$1,000.

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

### Deductions

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

### Credits

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

## Withholding Requirement

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

Those with prior year withholdings of \$10,000 or more are required to remit the income tax withheld by means of Electronic Funds Transfer (EFT) on or before the Wednesday of the week following the week containing the 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 home-buyer-occupants who have purchased residential property

in a qualifying municipality during the municipality's "period of economic recovery."

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

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

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

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

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

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

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

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

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

P.L. 2005, C. 130, limits the pension and other retirement income exclusions to taxpayers with gross income of

\$100,000 or less, effective for tax years beginning on or after January 1, 2005.

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

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

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

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

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

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

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

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

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

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

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

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

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

P.L. 2010, C. 20, temporarily suspended the tax credits provided for qualified film and qualified digital media content production expenses and requires the State Treasurer to make and file a report regarding the ability of the tax credits to meet their statutory goals and objectives.

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

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

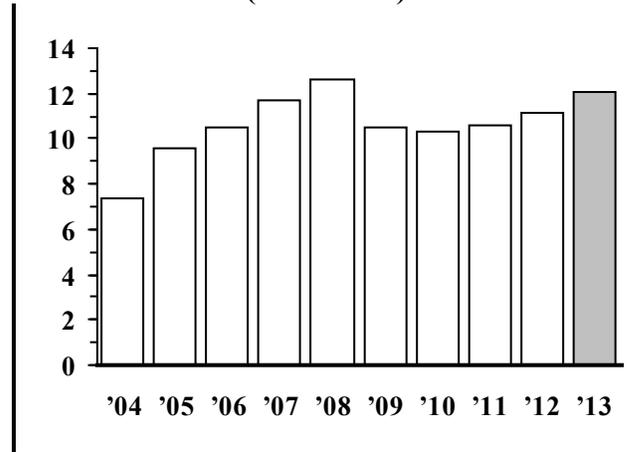
categories for a period of up to 20 years to calculate future adjustments.

P.L. 2013, C. 14, the “New Jersey Angel Investor Tax Credit Act,” revives the expired Small New Jersey-Based High Technology Business Investment Tax Credit by establishing a Gross Income Tax credit for individuals investing in New Jersey emerging technology businesses.

P.L. 2013, C. 61, expands the availability of the neighborhood revitalization State tax credit to include taxpayers subject to Gross Income Tax.

P.L. 2013, C. 73, clarifies that donors’ contributions to charities are not a factor in determining where a person is domiciled for the purpose of defining tax residency.

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



Fiscal Year	Collections
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>2</sup>
2010	10,322,942,702 <sup>2</sup>
2011	10,617,034,179
2012	11,128,418,349
<b>2013</b>	<b>12,108,615,149</b>

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

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

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## 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.

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## Insurance Premiums Tax

### Description

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

### Rate

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

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

### Disposition of Revenues

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

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

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

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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.

## 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 2012 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.

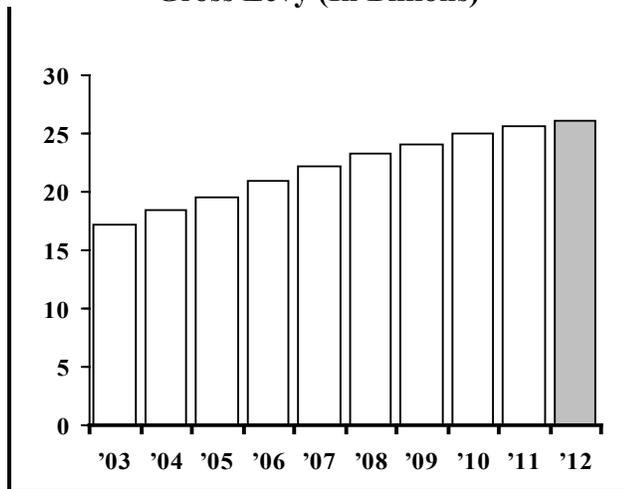
The decision in *Switz v. Middletown Township, et al.*, 23 N.J. 580 (1957) required that all taxable property be assessed at “true value” (100% assessment). This was the beginning of a series of New Jersey court decisions which have been a major factor in the development of uniform real estate tax assessment. 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
2003	\$17,254,024,652
2004	18,377,494,023
2005	19,567,777,307
2006	20,914,761,932
2007	22,130,902,055
2008	23,213,741,007
2009	24,048,643,407
2010	25,010,905,690
2011	25,646,727,650
<b>2012</b>	<b>26,054,001,420</b>

## Motor Fuel Tax

### Description

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

### Rate

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

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

### Disposition of Revenues

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

## Motor Vehicle Tire Fee

### Description

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

### Rate

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

### Disposition of Revenues

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

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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.

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## 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.

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## 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 benefit (rebate), property tax reimbursement, property tax deduction for senior citizens/disabled persons, and property tax deduction for veterans) cannot exceed the amount of property taxes (or rent constituting property taxes) paid on the applicant's principal residence for the same year.

### Homestead Rebate Program

Chapter 61, P.L. 1990, created a new Homestead Property Tax Rebate Program to provide rebates for both homeowners and tenants. The new program replaced certain other direct property tax relief programs: (1) the original Homestead Rebate Program (C. 72, P.L. 1976) which provided rebates to homeowners; (2) the residential property

tax deduction and credit provided to both homeowners and tenants on their income tax returns under C. 304, P.L. 1985; and (3) the tenant credit program (C. 47, P.L. 1976, as amended).

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

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

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

Chapter 63, P.L. 1999, the NJ SAVER and Homestead Rebate Act, created the NJ SAVER Rebate Program, another new, direct property tax relief program to be phased in over five years beginning in 1999. Under the provisions of this Act, homeowners who qualified for both the homestead rebate and the NJ SAVER rebate received either the homestead rebate or the NJ SAVER rebate, depending which program provided the greater benefit. (See *NJ SAVER Rebate Program* on page 40 for a description of that program.) This same legislation

increased the homestead rebate income threshold for tenants to \$100,000 and set the income threshold at \$40,000 for homeowners who were not 65 or older or blind or disabled. For 1998, tenants who were under 65, not blind or disabled, and who had income between \$40,000 and \$100,000 were eligible to receive a \$30 homestead rebate provided they filed a Homestead Rebate Application by June 15, 1999. The legislation increased this amount to \$40 for the 1999 tax year, \$60 for the 2000 tax year, \$80 for the 2001 tax year, and \$100 for 2002 and thereafter.

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

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

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

For tax year 2004, rebate amounts were determined by income, filing status, whether a taxpayer was age 65 or older or eligible to claim an exemption as blind or disabled for the tax year, and whether the taxpayer was

a homeowner or a tenant on October 1 of the tax year. Gross income could not exceed \$200,000 for eligible homeowners or \$100,000 for eligible tenants. Beginning with tax year 2004, tenants applied for the rebate on Form TR-1040, found in the income tax return booklet. A separate rebate application was mailed to homeowners. Only New Jersey residents who were either homeowners or tenants on October 1 and met the other requirements were eligible for a rebate for that year.

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

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

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

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

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

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

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

The State Budget for Fiscal Year 2009 limited rebate amounts for tax year 2007 for both homeowners and tenants. The Budget also limited eligibility for homeowners to those with income of \$150,000 or less and required that

the rebates for homeowners be based on 2006 property taxes.

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

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

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

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

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

The State Budget for Fiscal Years 2010 – 2014 limited eligibility and benefit amounts for tax years 2008 – 2011 for homeowners based on income (homeowners age 65 or older or disabled with gross income over \$150,000 and homeowners under age 65 with gross income over \$75,000 were not eligible). The Budget also required that the benefits for homeowners be based on 2006 property taxes. For tax year 2008, rebates for tenants were limited to those age 65 or older or disabled. No rebates were issued to tenants for tax years 2009 through 2012.

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

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

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

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

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

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

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

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

For tax years 2010 and 2011, eligible homeowners who were age 65 or older or disabled received either 10% or 5% of the first \$10,000 of property taxes paid for 2006, depending on their income level:

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

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

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

Benefits for 2010 were applied to property tax bills for the first quarter of 2012, and benefits for 2011 were applied to property tax bills in August 2013.

Under the proposed State Budget for Fiscal Year 2015, for tax year 2012, eligible homeowners who were age 65 or older or disabled are to receive either 10% or 5% of the first \$10,000 of property taxes paid for 2006, depending on their income level:

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

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

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

### **NJ SAVER Rebate Program**

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

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

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

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

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

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

### **Property Tax Reimbursement Program**

Chapter 348, P.L. 1997, created the Property Tax Reimbursement ("Senior Freeze") Program, which effectively freezes property taxes for eligible New Jersey senior citizens and disabled persons by reimbursing them for property tax increases. The first year a resident satisfies all the eligibility requirements becomes their base year.

Residents who remain eligible in succeeding years will be reimbursed for any increase in the amount of property taxes paid over the base year amount.

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

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

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

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

2005, 2006, 2007, and/or 2008 property taxes and their base year property taxes.

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

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

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

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

The State Budget for Fiscal Year 2014 limited 2012 reimbursement payments to those applicants whose income for 2011 did not exceed \$80,000, and whose 2012 income did not exceed \$70,000. (The original limit was \$82,880).

### 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.

## Railroad Property Tax

### Description

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

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

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

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

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

### Exemptions

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

### Rate

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

### Disposition of Revenues

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

## Realty Transfer Fee

### Description

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

The Realty Transfer Fee does not apply to a deed: for a consideration of less than \$100; by or to the United States of America, this State, or any instrumentality, agency, or subdivision thereof; solely in order to provide or release security for a debt or obligation; which confirms or corrects a deed previously recorded; on a sale for delinquent taxes or assessments; on partition; by a receiver, trustee in bankruptcy or liquidation, or assignee for the benefit of creditors; eligible to be recorded as an “ancient deed” pursuant to R.S. 46:16-7; acknowledged or proved on or before July 3, 1968; between husband and wife, or parent and child; conveying a cemetery lot or plot; in specific performance of a final judgment; releasing a right of reversion; previously recorded in another county and full Realty Transfer Fee paid or accounted for, as evidenced by written instrument, attested by the grantee, and acknowledged by the county recording officer; by an executor or administrator of a decedent to a devisee or heir to effect distribution of the decedent’s estate in accordance with the provisions of the decedent’s will or the intestate laws of this State; recorded within 90 days following the entry of a divorce decree which dissolves the marriage between grantor and grantee; issued by a cooperative corporation, as part of a conversion of all of the assets of the cooperative corporation into a condominium, to a shareholder upon the surrender by the shareholder of all of the shareholder’s stock in the cooperative corporation and the proprietary lease entitling the shareholder to exclusive occupancy of a portion of the property owned by the corporation.

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

### Rate

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

**Standard Transactions and New Construction**

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

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

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

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

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

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

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

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

**New Construction**

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

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

<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*

<b>Standard Transactions</b>	
Not over \$150,000	\$ 0
Over \$150,000 but not over \$200,000	0.60
Over \$200,000	1.15
<b>New Construction</b>	
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 2013, a total of \$337,593,127 was paid to the State Treasurer in Realty Transfer Fees and deposited into the State General Fund.

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

In Fiscal Year 2013, \$46,928,165 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 2013, the Extraordinary Aid Account received \$54,117,869.

## Recycling Tax

### Description

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

### Rate

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

### Disposition of Revenues

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

## Sales and Use Tax

### Description

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

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

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

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

The Sales and Use Tax Act was amended, effective October 1, 2005, to conform New Jersey's law to the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA), which is a multistate effort to simplify and modernize the collection and administration of sales and use taxes. The adoption of the SSUTA resulted in

significant changes in New Jersey's tax policy and administration, including uniform product definitions and changes in the taxability of specific items. In addition, the SSUTA provided for the creation of a new central registration system, certain amnesty provisions, and minor changes in the treatment of exemption certificates.

### Rate

The rate of tax is 7% on taxable sales.

### Disposition of Revenues

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

### History

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

effort to simplify and modernize Sales and Use Tax collection and administration.

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

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

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

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

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

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

P.L. 2007, C. 105, effective July 1, 2007, carves out certain exceptions to two new impositions of tax that were part of the expansion of Sales and Use Tax. The Act amends N.J.S.A. 54:32B-3(h), which imposes tax on fees and dues for use of the facilities of health and fitness, athletic, sporting, and shopping clubs and organizations. The amendment exempts such fees and dues if the club or organization is either an exempt private organization or an exempt public entity. The Act also amends N.J.S.A.

54:32B-3(i), which imposes tax on receipts for parking or garaging a motor vehicle, with certain exceptions. The amendment carved out additional exceptions: municipal parking and garaging, even when not “metered,” and certain parking fees at Atlantic City casinos.

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

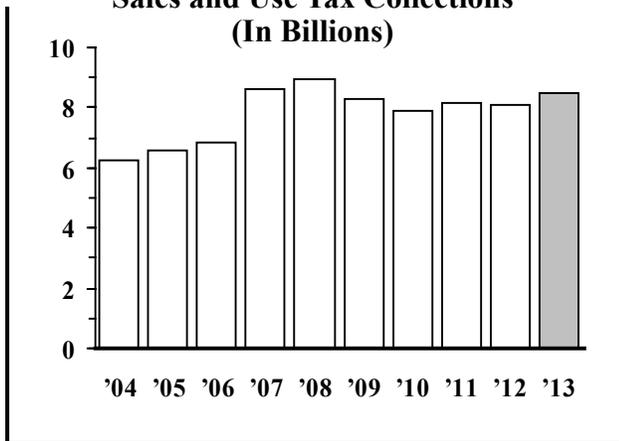
P.L. 2009, C. 90, broadens the exemption provided by P.L. 2007, C. 94 to include any postconsumer material manufacturing facility instead of only including manufacturing facilities producing products using recycled materials.

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

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

P.L. 2012, C. 40, establishes a grant program to provide a one-time rebate of the sales and use tax paid for the purchase of certain materials and supplies used for the construction of certain off-track wagering facilities.

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



Fiscal Year	Collections
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
2010	7,898,166,015
2011	8,144,397,344
2012	8,099,548,866
<b>2013</b>	<b>8,454,788,087</b>

<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.

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

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## 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.

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## Sports and Entertainment Facility Tax

### Description

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

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

### Rate

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

### Disposition of Revenues

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

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## 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.

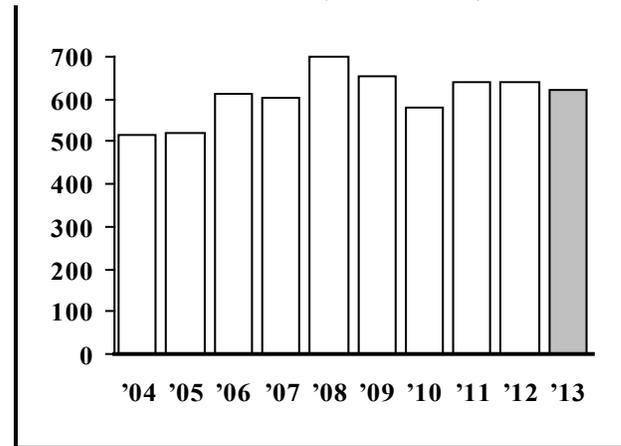
P.L. 2003, C. 246, the Domestic Partnership Act, recognized domestic partnerships and provided certain rights and benefits to individuals participating in them. The Act made significant changes to the New Jersey Inheritance Tax for individuals dying on or after July 10, 2004. Transfers made to a surviving 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
2004	\$516,007,975
2005	520,775,959
2006	610,847,697
2007	604,700,439
2008	698,694,013
2009	653,439,759
2010	581,624,419
2011	642,182,390
2012	641,867,808
<b>2013</b>	<b>623,839,887</b>

## 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 (terms 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.

P.L. 2008, C. 32, freezes transitional energy facility assessment (TEFA) unit rate surcharges at calendar year 2008 rates for 2009 through 2011, and reduces surcharges in calendar years 2012 and 2013. TEFA surcharges expire on December 31, 2013.

### **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.

**New Jersey Division of Taxation**

**LEGISLATION AND COURT DECISIONS**

## LEGISLATION

### Alcoholic Beverage Tax

#### **P.L. 2012, C. 47 — Microbreweries and Brewpubs**

Signed into law on September 19, 2012, and effective immediately, revises N.J.S.A. 33:1-10 regarding limited breweries, commonly known as microbreweries, and restricted breweries, commonly known as brewpubs.

The law now permits limited breweries to sell and distribute their products to a consumer on the licensed premises of the brewery: (1) for consumption on the premises only in connection with a tour of the brewery; (2) in an amount of up to 15.5 fluid gallons for consumption off the licensed premises; and (3) for sampling only if the brewery has obtained an annual permit from the Director of the Division of Alcoholic Beverage Control (ABC). These licensees are prohibited from selling food or operating a restaurant on the licensed premises.

Each year a restricted brewery may produce up to 10,000 barrels of malt alcoholic beverages. The fee for a restricted brewery license is \$1,250 to brew 1,000 barrels annually. The fee for each additional 1,000 barrels is \$250. A restricted brewery may sell its products to the public through the three-tier system described in the Act. A licensee may also offer samples of its products at charitable or civic events off the licensed premises if the licensee obtains an annual permit issued by the Director of the ABC.

A single licensee may acquire up to 10 restricted brewery licenses. A restaurant with a restricted brewery license is now permitted to sell malt alcoholic beverages produced by the restricted brewery for consumption off the licensed premises.

The Act creates an “at rest” provision applicable to holders of plenary brewery licenses and limited brewery licenses. Those licensees may deliver their malt alcoholic beverage products from inventory in a warehouse located within the State. These “at rest” provisions allow for employees of the ABC and other law enforcement officials to conduct certain inspections to ensure compliance with current law. The “at rest” provisions also enable applicable tax collection administration.

### Corporation Business Tax

#### **P.L. 2013, C. 14 — New Jersey Angel Investor Tax Credit Act**

Signed into law on January 31, 2013, and effective for privilege periods and taxable years beginning on or after January 1, 2012, revives the expired Small New Jersey Based High Technology Business Investment Tax Credit by establishing credits against corporation business and gross income taxes for individuals or entities investing in New Jersey emerging technology businesses. Subject to certain limitations, the credits equal 10% of qualified investment in an emerging technology company as approved by the Economic Development Authority, subject to a \$25 million annual cap.

Tax credit recipients cannot claim credits for that part of an investment in a single company that exceeds \$500,000. For gross income tax purposes it is a refundable credit, while corporation business taxpayers may choose between a refund and a 15-year carryforward credit.

Angel investments are equity placements by high net worth individuals into high-risk start-up ventures.

#### **P.L. 2013, C. 60 — Credits for Payments to Interns**

Signed into law on June 6, 2013, and effective immediately, requires that the Commissioner of the Department of Labor and Workforce Development undertake a review of corporation business tax and gross income tax credit programs for payments to interns and report any findings and recommendations directly to the Governor no later than 12 months from the date of enactment. Specifically, the Commissioner must examine the impact of, and make recommendations on, tax credit programs for interns as they pertain to increasing long-term employment for future college graduates.

### Gross Income Tax

#### **P.L. 2013, C. 13 — 2014 NJ Special Olympics Home Team Fund**

Signed into law on January 29, 2013, and effective for tax years 2012 and 2013, establishes the 2014 NJ Special Olympics Home Team Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their State gross income tax returns to support New Jersey athletes participating in the 2014 Special Olympics USA Games.

**P.L. 2013, C. 14 — New Jersey Angel Investor Tax Credit Act**

See Corporation Business Tax.

**P.L. 2013, C. 60 — Credits for Payments to Interns**

See Corporation Business Tax.

**P.L. 2013, C. 61 — Neighborhood Revitalization Tax Credit**

Signed into law on June 6, 2013, effective immediately, and applicable to tax years beginning on or after January 1, 2012, expands the availability of the Neighborhood Revitalization State Tax Credit to include gross income taxpayers. A business entity that contributes financial assistance to a nonprofit sponsor may be granted a tax credit certificate that may be applied against tax liability on business income. The tax credits may be granted in an amount up to 100% of the approved assistance provided to a nonprofit organization to implement a qualified project that is part of an approved neighborhood preservation and revitalization plan. Per taxable year, the credit allowed to a business entity may not exceed \$1 million or the total amount of tax otherwise due. Additionally, the credit may not exceed statutory limits established under the particular tax for which it is claimed.

The credit may be claimed by gross income taxpayers for tax years beginning on or after January 1, 2012; however, N.J.S.A. 52:27D-492e sets forth that the Commissioner of the Department of Community Affairs must specifically issue a certificate and the tax credit must be claimed for that tax year, effectively guaranteeing that no gross income tax credit can be claimed prior to tax year 2013. The available credit shall be a percentage of the taxpayer's gross income tax liability equal to the percentage of the taxpayer's gross income (before exclusions or deductions) attributable to the business through which the qualified project funding was provided. The credit cannot exceed the taxpayer's total liability for that year.

**P.L. 2013, C. 73 — Charitable Contributions and New Jersey Domicile**

Signed into law on June 27, 2013, and effective immediately, specifies that, for New Jersey gross income tax purposes, donors' contributions to charities are not a factor in determining where a person is domiciled for the purpose of defining tax residency.

**Local Property Tax****P.L. 2013, C. 15 — Real Property Assessment County Demonstration Program**

Signed into law on January 25, 2013, and effective immediately, creates a real property assessment demonstration program. The current system is in place for all counties except Gloucester. Not more than four counties may participate in the program as demonstration counties. There are strict criteria that a county must meet and information a county must provide to the Director of the Division of Local Government Services in the Department of Community Affairs (DLGS) and to the Director of the Division of Taxation in order to implement the program as a demonstration county.

The demonstration program is a collaborative effort between the county tax board and municipal assessors to address the issues of cost effectiveness and the accurate process of assessment.

The demonstration program is based on the utilization by all of a demonstration county's municipalities of the same property assessment software. All future revaluations and reassessments of real property by municipalities in a demonstration county will be performed on the county system, and the system will also be used for other assessment-based functions. The county board of taxation in a demonstration county will absorb the cost of assessment data conversion through assessment appeal filing fees collected by the board.

On October 1, 2013, the demonstration counties are to begin the demonstration program under a plan developed by each county's tax administrator, approved by each county's board of taxation, and submitted to both the Director of the Division of Taxation and the Director of the DLGS not less than 60 days prior to October 1.

**P.L. 2013, C. 43 — Farmland Assessment Act Revisions**

Signed into law on April 15, 2013, and effective for tax years 2015 and after, makes various revisions to the Farmland Assessment Act of 1964.

The law increases the minimum gross sales and payments standard for typical agricultural or horticultural lands to qualify for farmland assessment on the first five acres of land from the current \$500 to \$1,000. This change does not apply to woodland managed under a woodland management plan, which will continue to qualify for farmland assessment with minimum gross sales and payments of \$500, nor does it apply to land subject to a forest stewardship plan, which has no minimum income qualifying

standard for farmland assessment. The State Farmland Evaluation Committee now must review these minimums every three years or sooner and adopt regulations to raise the amount of those minimums to levels the committee determines appropriate.

The new law establishes a civil penalty of up to \$5,000 for a gross and intentional misrepresentation on an application to qualify for farmland assessment. The penalties collected are to be divided equally between the municipality or county and the State and dedicated to administering and enforcing the Farmland Assessment Act of 1964.

New, stringent standards to qualify for farmland assessment are now codified, and the State Board of Agriculture and the Department of Agriculture are to develop guidelines describing generally accepted agricultural and horticultural practices. These guidelines are to be distributed to, and may be used by, municipal and county tax assessors, county tax administrators, and other appropriate local government officials to assist them in determining whether land may be deemed to be in agricultural use, horticultural use, or actively devoted to agricultural or horticultural use pursuant to the Farmland Assessment Act of 1964.

The Division of Taxation, after consultation with the State Board of Agriculture, must include with each farmland assessment application a letter or other document explaining any changes to the law, rules, regulations, and guidelines for farmland assessment that have occurred in the prior tax year and which take effect in the tax year for which the application is being submitted. A landowner whose farm management unit is less than seven acres in size is now required to submit with the application a narrative and a sketch relating to the agricultural or horticultural uses on the farm management unit, including information on the number of acres that will be actively devoted to such uses. The Division, in conjunction with the Department of Agriculture, is also required to offer, at such time intervals as may be established by the Division but at least biennially, a continuing education course to municipal and county tax assessors, county tax administrators, and other appropriate local government officials explaining the guidelines. Effective January 1, 2018, in any county or municipality in which farmland-assessed properties are located, the assessor, as a condition of relicensing, must provide proof of having taken the continuing education course at least once in the prior three years.

Multiagency consultation in the disciplines of woodland management or forest stewardship is also required. In addition, the State Farmland Evaluation Advisory Committee (see N.J.S.A. 54:4-23.20), whose membership is

comprised of the Director of the Division of Taxation; the Dean of the College of Agriculture, Rutgers, The State University of New Jersey; and the Secretary of Agriculture, will have enhanced administrative responsibilities in the valuation of land devoted to agricultural or horticultural use as a result of this law.

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## Miscellaneous

### **P.L. 2012, C. 35 — Urban Transit Hub Tax Credit Caps Increased**

Signed into law on August 7, 2012, and effective immediately, amends the Urban Transit Hub Tax Credit Act to increase the cap on the total amount of tax credits authorized under the Act by \$250 million to a total of \$1.75 billion. It also extends the application deadline to July 1, 2014, to maintain consistency with the Grow New Jersey Assistance Act, except that the deadline for applications for tax credits for wind energy facilities established under P.L. 2010, C. 57 (N.J.S.A. 34:1B-209.4) is not extended.

The Act also restores the cap to \$200 million for the Grow New Jersey Assistance Program (N.J.S.A. 34:1B-247).

### **P.L. 2013, C. 20 — Fraud Prevention Contractors**

Signed into law on January 25, 2013, and effective immediately, authorizes the use of fraud prevention contractors by the Division of Taxation. It provides that the Director may enter into agreements with one or more private persons, companies, associations, or corporations providing fraud prevention services. It further provides that the Director may provide such taxpayer information as is necessary for the provider of fraud prevention services to fulfill its obligations under the fraud prevention agreement, provided that such disclosure is not contrary to the provisions of subsection (a) of Section 6103 of the Internal Revenue Code of 1986, 26 U.S.C. §6103.

The law is designed to expand the Division's ability to employ subcontractors to assist in activities specifically related to fraud prevention. All persons, companies, associations, or corporations providing fraud prevention services, and their employees, would be specifically subject to the confidentiality provisions of N.J.S.A. 54:50-8. Each entity is required to furnish the Director with the affidavit attesting to each employee's acknowledgement of the confidentiality provisions noted in the law.

### **P.L. 2013, C. 55 — Trustee's Discretionary Authority Concerning Income Tax Liability**

Signed into law on May 9, 2013, effective immediately, and applicable to any trust created on or after the effective

date, specifies that the trustee's discretion to pay taxes of the trust creator should not be considered the kind of right that would make the assets of the trust subject to the claims of the creditors of the trust's creator.

The trust creator is not considered to have the right to receive income or principal of the trust solely because the trustee is authorized under the trust instrument or any other provision of law to pay or reimburse the creator for any tax on trust income or trust principal that is payable by the creator under the law imposing such tax or to pay any such tax directly to the taxing authorities. No creditor of a trust creator is entitled to reach any trust property based on the discretionary powers of the trustee.

A lessee or joint venture will not be allowed more than one grant for the construction of each off-track wagering facility nor will a grant be paid for the construction of an otherwise eligible facility that is completed after June 30, 2022.

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## Sales and Use Tax

### **P.L. 2012, C. 40 — Rebate for Off-Track Wagering Facilities**

Signed into law on August 7, 2012, and effective immediately, establishes a grant program to provide a one-time rebate of the sales and use tax paid for the purchase of certain materials and supplies used for the construction of certain off-track wagering facilities.

The amount of the rebate is equal to the sales and use tax collected from the retail sale or use of construction materials and construction supplies used by (1) a contractor of a person who is, as of January 1, 2012, a lessee of a racetrack owned by the New Jersey Sports and Exposition Authority (NJSEA), or (2) a contractor of certain joint ventures for the construction of an off-track wagering facility licensed by the New Jersey Racing Commission in accordance with applicable law.

The contractor purchasing the construction materials and construction supplies is responsible for completing a form or certification identifying the type and location of the construction, the construction materials and supplies purchased, and the purchase price and sales tax paid. This document must be filed with the Director on a quarterly basis.

The State Treasurer is responsible for establishing a special nonlapsing account in the General Fund for purposes of receiving amounts equal to the taxes collected in connection with eligible purchases, and is responsible for paying amounts credited to the account to eligible lessees or joint ventures upon certification from the NJSEA that the construction of the off-track wagering facility is complete.

## COURT DECISIONS

### Administration

#### Interest

*IGT (as Successor-In-Interest to Anchor Coin, Inc.) v. Director, Division of Taxation*, decided July 13, 2012; New Jersey Tax Court, Docket No. 006886-2010. On July 26, 2006, the Division issued a corporation business tax assessment that included the application of the throwout provision and other adjustments. But for the adjustments attributable to the throwout provision the plaintiff (IGT) would have been entitled to a refund.

On October 23, 2006, IGT filed a timely protest challenging the throwout adjustment and related penalties. On February 25, 2010, the Division issued a final determination upholding the throwout adjustments. Plaintiff filed a complaint with the Tax Court. Thereafter, the parties agreed that IGT would be refunded \$41,498 with interest.

The issue in this case concerns the proper date from which interest on the agreed refund should be paid.

IGT's position is that its entitlement to the refund matured on October 23, 2006, when it filed its protest challenging the throwout adjustments because it would have been entitled to a refund had those adjustments not been made. Plaintiff contends that it could not file a refund claim because N.J.S.A. 54:49-14a states that a taxpayer may not file a refund claim when a protest has been filed. The Division's position is that entitlement to a refund would not have matured until the final determination was issued because N.J.S.A. 54:49-14a disallows the filing of a refund claim until the "protest or appeal has been finally determined."

N.J.S.A. 54:19-15.1 provides in pertinent part that:

Interest shall commence to accrue on the later of the date of the filing by the taxpayer of a claim for refund or requested adjustment, the date of the payment of the tax, or the due date of the report or the return thereof; ...

The Court determined that the statutes did not directly address the facts of this case; however, the Court opined that IGT's position best comported with the controlling statutes. Therefore, the Court concluded that IGT effectively filed a refund claim on October 23, 2006, when it made clear in its protest that it was not challenging the adjustments that were not related to the throwout adjustments.

The Court also noted that the prohibition in N.J.S.A. 54:49-14a against filing a refund claim after a protest has been filed or appeal proceedings have commenced until the protest or appeal has been finally determined only covers situations where the refund claim would concern the same adjustments in the protest or appeal.

### Gross Income Tax

#### Claim of Right Doctrine

*Joseph J. Murphy and Diane Fitzmyer-Murphy v. Director, Division of Taxation*, decided July 24, 2012; New Jersey Tax Court, Docket No. 005608-2011. Judge DeAlmeida granted the Division's motion for summary judgment upholding a refund denial of \$157,535 for tax year 2005.

On their 2005 NJ-1040, the Murphys reported wages in the amount of \$4,142,000 from Mr. Murphy's employer and dividends of \$381,558. In 2008, Mr. Murphy reached an agreement with the Federal government to pay \$10,000,000 to the Federal government and bankruptcy trustees due to an ongoing investigation of fraudulent reporting by the company for which Mr. Murphy had worked. Mr. Murphy was not charged with any crime. The payments were made in 2008.

That year, the Murphys filed an amended 2005 NJ-1040, reducing their income by the amount of the payments made to the Federal government and claiming a refund of \$157,535. The claim for refund was denied. Plaintiffs filed a protest on January 27, 2010, and argued the "claim of right doctrine" during the hearing. On January 21, 2011, the Director issued a final determination rejecting the refund request, maintaining that the claim of right doctrine requires that money that is repaid only be used as a deduction in the year of repayment.

The Court found that N.J.S.A. 54A:5-2 did not permit a 2008 event (the repayment), whether it is a loss, a deduction, or some other legally significant transaction, to be applied to offset 2005 income. The denial of the refund was upheld.

The Murphys appealed this decision to the New Jersey Appellate Division. (See summary of the Appellate Division's decision on page 62.)

#### S Corporation Credit Limitation

*Svetozar Beljakovic, et al. v. Director, Division of Taxation*, decided August 1, 2012; New Jersey Tax Court, Docket No. 004551-2010. Judge Narayanan denied the

Division's motion for summary judgment and granted the plaintiff's motion.

Taxpayer is a resident of New Jersey who was a 100% shareholder of an electing New Jersey S corporation. The S corporation did business in New York State and New York City but did not maintain a regular place of business outside New Jersey. The S corporation filed a New York State corporate return reporting the minimum franchise tax and a New York City corporate return and paid \$26,499. Because the S corporation did not have a regular place of business outside New Jersey, pursuant to N.J.S.A. 54:10A-6 it was required to allocate 100% of its income to New Jersey on Form CBT-100S.

The taxpayer reported S corporation income of \$510,328 (the pro rata share of the S corporation's income allocated to New York) on his individual New York State IT-203 return and paid tax to New York State of \$34,390. On his NJ-1040 the taxpayer claimed credit for the income taxes paid to New York State.

The Division disallowed the credit in accordance with N.J.S.A. 54A:4-1(c), which provides that no credit is allowed for S corporation income allocated to New Jersey, which in this case was 100%.

The Court began by affirming that the purpose of N.J.S.A. 54A:4-1 is to prevent multiple taxation of the same income, then rejected the Division's argument that N.J.S.A. 54A:4-1(c) prohibits the credit for taxes paid for S corporation income allocated 100% to New Jersey. The Court determined that the plaintiffs were entitled to a credit for S corporation income allocated or sourced outside New Jersey and not for income properly allocated to New Jersey.

In rejecting the Division's other arguments, the Court found that both Section 8 relief available under the Corporation Business Tax Act for income tax imposed by other states, and the references to "foreign State" or "another State" in N.J.A.C. 18:7-8.3(b) include political subdivisions. To do otherwise would lead to the conclusion that "the GIT credit would never be available for S corporation income allocated to a taxing jurisdiction which is not a State. Such a construction would clearly violate N.J.S.A. 54A:4-1(a) which grants the resident credit for any income taxes paid to 'another state...or political subdivision of such state' as well as the Director's own regulation which reads, 'N.J.S.A. 54A:4-1(b),(c), and (d) provide for a limitation on the credit for tax paid to another state or political subdivision.' N.J.A.C. 18:35-4.1(a)(3) (emphasis added)."

### Qualified Small Business Stock

*Emilia A. Aciu v. Director, Division of Taxation*, decided October 9, 2012; New Jersey Tax Court, Docket No. 020999-2010. Judge Menyuk granted the Division's motion for summary judgment.

On her originally filed New Jersey resident income tax return, the taxpayer reported the sale of 16,970 shares of common stock in Vision Research. She reported a gain of \$11,776,851 on New Jersey Schedule B.

The taxpayer filed an amended NJ-1040 after realizing that the stock was a "qualified small business stock." IRC §1202 allows for a 50 percent exclusion from the gain on the sale of a qualified small business stock held for more than five years. The Division disallowed the exclusion because it is not authorized under the Gross Income Tax Act.

Plaintiff argued that N.J.S.A. 54A:5-1(c) provides for the incorporation of Federal tax principles and concepts in the calculation of net gains on the disposition of property and that the Federal exclusion allowed by IRC §1202 should be applied.

The judge stated that "Section 5-1(c) explicitly incorporates three federal tax concepts that are to be used in determining net gains from the disposition of property: (1) the method of accounting used for federal income tax purposes; (2) the use of the federal adjusted basis; and (3) the exclusion of gains to the extent federal rules require nonrecognition." She went on to say that the "plain words of 5-1(c) do not require the exclusion of half the gain on a sale of qualified small business stock. IRC §1202 is not a method of accounting, it does not affect the calculation of the basis of the VR shares, and it is not concerned with the recognition or nonrecognition of income."

### Trust: Undistributed Income

*Residuary Trust A u/w/o Fred E. Kassner, Michele Kassner, Trustee v. Director, Division of Taxation*, decided January 3, 2013; Tax Court, Docket No. 000364-2010. A New Jersey resident testamentary trust was administered by a trustee who resided in New York and administered the trust exclusively outside of New Jersey. The trust did not make any distributions in 2006, the year at issue. The trust owned shares of four S corporations that conducted some business in New Jersey. Therefore, the S corporations issued a Schedule NJ-K-1 to the trust, reporting the trust's share of S corporation income allocated to New Jersey and outside of New Jersey.

The trust filed a 2006 New Jersey gross income tax fiduciary return and paid tax on its net pro rata share of allocated New Jersey S corporation income but did not pay

tax on interest income and net pro rata share of S corporation income allocated outside of New Jersey. As a result of an audit, the Division determined that because it was a resident trust, it was also subject to tax on its net pro rata share of S corporation income allocated outside of New Jersey and the interest income.

On a summary judgment motion, the Court held that New Jersey could not tax the undistributed income from outside New Jersey or the interest income because the trust had insufficient contacts with New Jersey. The Court started its analysis with two prior New Jersey Tax Court cases, *Pennoyer* and *Potter*, where it held that the Due Process Clause of the Fourteenth Amendment prevents New Jersey from taxing undistributed income of a trust if the location of the trustee, assets, and beneficiaries are outside of New Jersey.

Addressing the location of the beneficiaries, the Court relied on the fact that the Final Determination and a winter 1999 *New Jersey State Tax News* article stated that the Division interpreted *Pennoyer* and *Potter* to mean that all trust assets and trustees must be located outside New Jersey to avoid taxation; however, neither document included the location of the beneficiaries as a requirement.

The Court found that the trustee was a resident of New York and that the trust was not administered in New Jersey. The Court also stated that it would not consider out-of-State authority where there is relevant New Jersey case law, and that even using a New Jersey address on the New Jersey tax return was not enough for the Court to distinguish the holding in *Pennoyer*.

The Court also determined that ownership of stock in an S corporation does not constitute ownership of or holding title to the S corporation assets.

Finally, the Court found that although N.J.A.C. 18:35-1.5 would subject a resident S corporation shareholder to tax on income from all sources, the Court would not apply N.J.A.C. 18:35-1 as it was written because it would be a violation of constitutional due process based on the lack of sufficient contacts with New Jersey.

The Division filed an appeal with the New Jersey Appellate Division.

#### **S Corporation Accumulated Adjustment Account**

*Cohen, Morris et al. v. Director, Division of Taxation, decided May 23, 2013, Tax Court, Docket No. 003854-2009.* Morris Cohen (Cohen) was a New Jersey resident who was a 25% shareholder in an S corporation known as Conway Stores. During tax year 2003, Cohen received a distribution of \$554,292 from Conway Stores that he

did not report as taxable because he maintained a positive balance in the Accumulated Adjustment Account (AAA) that was in excess of the distribution. During an audit, the Division determined that this distribution was a taxable dividend pursuant to N.J.S.A. 54A:5-14 because the AAA contained a negative balance at the time of the distribution.

At issue was whether the New Jersey AAA should be reduced by losses of the S corporation when the losses are not allowed for New Jersey gross income tax purposes. The Division determined that the AAA balance was negative \$356,395, whereas Cohen claimed that the AAA balance was a positive \$575,988. The difference resulted from Cohen's having used a beginning balance in 1998 (negative \$1,073,648) that was different from the 1997 ending balance (negative \$2,006,031). This difference of \$932,383 resulted in a positive \$575,988 AAA balance for tax year 2003 prior to the distribution. The Tax Court decided that the Division's calculation was correct because Cohen did not carry the 1997 ending balance forward to the 1998 beginning balance and provided no proofs as to the discrepancy.

The Court determined that the 2003 AAA ending balance was a negative amount and that the entire distribution was a taxable dividend pursuant to N.J.S.A. 54A:5-14.

Cohen has appealed this decision to the Appellate Division.

#### **Settlement Payments, Refunds, and Claim of Right Doctrine**

*Joseph J. Murphy and Diane Fitzmyer-Murphy v. Director, Division of Taxation, decided June 12, 2013, Appellate Division, Docket No. A-0111-12T3.* Mr. Murphy was an officer and employee of Refco, Inc. (Refco). On their 2005 New Jersey gross income tax return, Form NJ-1040, the Murphys reported capital gain income from the sale of a portion of his stock interest in Refco in the amount of \$4,142,000 and dividend income of \$381,558 from the public sale of Refco stock.

Refco later filed a voluntary petition for bankruptcy. In 2008 Mr. Murphy paid \$10 million to the bankruptcy trustee and the Federal government to settle any fraudulent and preferential transfers and forfeiture action claims against him.

In June 2009, the Murphys amended their 2005 NJ-1040 by filing an NJ-1040-X to report a change in income related to sale of the Refco stock. The Murphys claimed that the \$10 million payment represented repayment of 2005 reported income and sought a tax refund. The Division

denied the refund request and advised that any deductions associated with repayment had to be claimed in the year of repayment.

The Murphys filed a complaint in Tax Court. The Court decided that the Murphys were not entitled to a refund because they properly included the income on the 2005 return (the year in which it was received), and there were no inaccuracies in the original filings. The Murphys appealed this decision claiming that the Tax Court erroneously relied on the Federal claim of right doctrine and that their amended return properly reported a change in income.

The Appellate Division opined that the sole issue was whether the Murphys' refund request was based on an error in the original income reported or an error in the calculation of taxes paid on their 2005 NJ-1040. Noting that the \$10 million settlement was far in excess of the 2005 reported capital gain income involving Refco, the Appellate Division found that it was impossible to determine from the evidence presented whether the settlement related to the income activity reported in 2005 or any amount thereof. Furthermore, there was no legal authority presented to support the argument that a settlement was a decision to forfeit any portion of income. Therefore, the Appellate Division affirmed the Tax Court concluding that the 2008 settlement payment was not a basis to recalculate their 2005 taxable income.

## Local Property Tax

### Disabled Veteran's Property Tax Exemption

*R.J. Wellington & C.A. Pangilinan v. Township of Hillsborough*, decided October 24, 2012; Tax Court. Plaintiff, R.J. Wellington, disputed the municipal assessor's denial of his claim for a disabled veteran's property tax exemption. Reginald Wellington was a member of the United States Navy from September 24, 1997, until September 24, 1999, the date on which he was honorably discharged. Wellington was stationed with the Marine Corps during Operation Northern Watch and Southern Watch, in which the U.S. enforced a no-fly zone and United Nations sanctions in Iraq. Wellington's job was to test chemical agents being used by the enemy and to develop protection for members of the U.S. military in service in the Arabian Peninsula. The U.S. military determined that as a result of his exposure to enemy chemical agents, Wellington developed multiple sclerosis and lost use of his hands and feet. The U.S. Department of Veterans Affairs declared Wellington 100% permanently disabled as a result of his military service.

Wellington purchased a residence in Hillsborough Township on May 19, 2007. The deed showed that he owned the property jointly with the right of survivorship with plaintiff Catherine A. Pangilinan, his former wife. On March 9, 2009, Wellington filed a claim with the Hillsborough Township tax assessor for a tax exemption for the residence pursuant to N.J.S.A. 54:4-3.30, which provides an exemption from local property taxes for the dwelling house and lot of any citizen and resident of this State honorably discharged from active military service, in time of war, who has 100% permanent service-related disability. On March 24, 2009, the tax assessor denied Wellington's exemption claim for two reasons: (1) Wellington did not serve a minimum of 14 days "in the actual combat zone" and (2) Wellington held only partial ownership of the property.

The denial notice provides that pursuant to N.J.S.A. 54:3-21, plaintiff's time to appeal to the County Board of Taxation expired April 1, 2009, or, if the denial was issued "too late" to file an appeal by April 1, then the plaintiff was entitled to file an appeal by April 1, 2010. Wellington met neither appeal deadline and instead filed a petition of appeal with the Somerset County Board of Taxation on March 28, 2011. On June 5, 2011, the County Board issued a judgment denying the exemption for the tax year 2011. On August 11, 2011, Wellington filed a complaint with the State Tax Court challenging the County Board's judgment as well as disputing the property's value.

On March 2, 2012, the municipality moved for summary judgment in its favor. The township argued that Wellington did not suffer a disability as a result of "active service in time of war" since his disability arose in the United States and not in the actual "combat zone." Additionally, the joint ownership of his residence with his former wife precludes an exemption. The municipality also argued that Wellington cannot seek relief in the Court without having first filed a written exemption claim with the tax assessor for tax year 2011.

On May 10, 2012, Wellington opposed the municipality's motion and cross-moved for summary judgment in his favor on the exemption claim. Wellington argued that his military service in California satisfies the criteria for an exemption set forth in N.J.S.A. 54:4-3.30 and N.J.S.A. 54:4-8.10 because the Legislature does not specify a geographical limitation on eligibility for service-related disabilities arising from Operation Northern Watch and Southern Watch. He contended that the "theater of operation" of that conflict was brought to him in California when dangerous weapons were removed from the battlefield and delivered to his laboratory. In addition,

Wellington argued that nothing in the statute requires a written application to be filed with the tax assessor or precludes the award of an exemption to a disabled veteran who jointly owns his residence with another person.

The pivotal question before the Court was whether Wellington's 100% permanent disability arose "from active service, in time of war." The Court noted that the statutory language for Northern Watch and Southern Watch does not establish a strict geographic service requirement like the Peacekeeping Missions, but rather requires service "in the theater of operation, including in the Arabian peninsula and the Persian Gulf and in direct support of that operation," but not limited to those areas. Therefore, the fact that Wellington's disability arose from service in California does not, in itself, exclude him from eligibility for exemption. The Court reasoned further that plaintiff was no less endangered by Iraqi chemical weapons at his California lab than servicemen and women on the actual battlefield. He suffered permanent disability through contact with those weapons. Under the facts of this case plaintiff falls within the parameters of the exemption.

The Court, citing *Hennefeld v. Twp. of Montclair*, 22 N.J. Tax 166 (2005), found that Wellington is entitled to an exemption in a percentage that reflects his proportionate share of ownership in the subject property. The township's motion for summary judgment was denied. Wellington's motion for summary judgment was granted in part. The Court will enter an order declaring Mr. Wellington eligible for the subject property for tax year 2011.

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## Property Tax Relief Programs

### Homestead Rebate Ownership Percentage

*Marcelino v. Director, Division of Taxation*, decided June 19, 2013, Tax Court, Docket No. 017330-2012. Mr. and Mrs. Marcelino originally owned their home as tenants by the entirety. A few years before their 2007 divorce they changed the deed to Jovencio D. Marcelino and Celia Marcelino as tenants in common. The judgment of divorce stated that Mr. Marcelino shall continue to reside in the residence and be solely liable for the expenses related to the home, including the payment of property taxes, and that Mr. Marcelino can take credit for all taxes and expenses on his Federal and State income tax returns. The judgment also stated: "The parties acknowledge and agree that they shall share equally (50%/50%) the net proceeds from the sale of the marital residence."

Mr. Marcelino filed his 2008 homestead benefit application indicating that he owned 100% of the property. He

thought that because his divorce judgment stated that he was able to take credit on his New Jersey gross income tax return for all property taxes paid, he was entitled to claim that he was the sole owner of the home.

The Court ruled that even though Mr. Marcelino was responsible for paying 100% of the property taxes under the terms of the divorce, he was not entitled to claim 100% ownership of the property. N.J.S.A. 54:4-8.59(a) specifically states that:

If title to a homestead is held by more than one individual as joint tenants or tenants in common, each individual shall be allowed a homestead rebate or credit pursuant to this section only in relation to the individual's proportionate share of the property taxes assessed and levied against the homestead.

Under the terms of the divorce decree, Mr. Marcelino owned 50% of the home; therefore, his homestead benefit must be based on 50% ownership of the property and calculated on 50% of the property taxes paid.

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## Sales and Use Tax

### Failure to Maintain Adequate Books and Records

*Custom Lawn Sprinkler Co., LLC v. Director, Division of Taxation and Jose Rosario and Sherri Rosario v. Director, Division of Taxation*, decided December 5, 2012, Tax Court, Docket Nos. 010929-2007 and 010928-2007. Custom Lawn Sprinkler Co., LLC (Custom Lawn) is a limited liability company of which Jose Rosario is the sole shareholder and principal. The business provides the installation, maintenance, and repair of lawn sprinkler systems; snow removal; and demolition and debris removal.

Custom Lawn failed to maintain adequate books and records during the relevant tax years. The taxpayer did not issue invoices to its customers and did not obtain ST-8 forms, which are required by regulation. Custom Lawn did not collect, complete, or maintain any documentation with respect to the tax-exempt status of its customers as required by regulation.

Using the information provided, the conferee determined that 42% of the overall receipts for tax year 2004 were subject to New Jersey sales and use tax. The conferee then applied this ratio to the adjusted gross receipts to calculate the taxpayer's sales tax liability for the periods at issue.

By applying the calculated error ratio to the reported gross receipts, the conferee determined that Custom Lawn had additional (unreported) income for each of the years

examined. The unreported income was deemed a constructive distribution to the shareholder, Jose Rosario.

In both cases, the Tax Court granted summary judgment in favor of the Division which affirmed the taxes, penalties, and interest against both the business and the shareholder individually.

### **Evidence That Sales Were Originated and Completed in Urban Enterprise Zone**

*NFF Construction, Inc. v. Director, Division of Taxation*, decided December 26, 2012; Tax Court, Docket No. 011330-2009. During the period at issue, the plaintiff (NFF) had a certificate of authority to collect sales tax at the reduced rate of 3% on sales of tangible property at NFF's Pleasantville, New Jersey location within the urban enterprise zone. NFF sold building materials to a subcontractor for use in the construction of a hotel in Atlantic City and collected 3% sales tax. As a result of an audit, the Division of Taxation determined that such sales did not qualify for the 3% rate and were subject to the full 6% rate.

The law allows a certified vendor to charge 50% of the sales and use tax rate on retail sales made from a place of business located in a designated urban enterprise zone where the business is regularly operated for making retail sales. N.J.A.C. 18:24-31.4 provides that the place of business must regularly exhibit and offer tangible property for retail sale. In addition, delivery of goods must be taken at the vendor's place of business or may be delivered by the vendor to the purchaser if the sale has been completed in person at the zone location.

The corporation business tax returns reflected that NFF did *not* maintain an inventory. The purchase order terms were "F.O.B. Jobsite" and shipping instructions were to ship to the subcontractor in Atlantic City. A witness testified that the truck first delivered the goods to the Pleasantville location where items were counted and inspected without ever being removed from the truck.

The Court determined that NFF was not entitled to collect tax at the reduced rate because it did not produce credible evidence to prove that the transactions originated and were completed in an urban enterprise zone. The judge opined that the witness was not entirely credible, that documentation submitted into evidence actually contradicted the witness, and that witness testimony was not corroborated by testimonial or documentary evidence. Additionally, the Court concluded that NFF could not rely on the Director's certificate of authority to collect sales tax at a reduced rate where NFF did not comply with the

Director's regulations setting forth the transactional requirements for the reduced rate.

### **Bankruptcy**

*Glenn B. Slater v. Director, Division of Taxation*, decided February 25, 2013; Appellate Division, Docket No. A-4579-11T4. In February 1997, plaintiff Slater received a Notice of Finding of Responsible Person Status for sales and use tax due from his corporation. Slater did not file an administrative protest or appeal to Tax Court.

In September 1999, Slater filed a petition for Chapter 11 bankruptcy with the United States Bankruptcy Court. The Director filed untimely proof of claims which were ultimately expunged. However, the Court didn't enter an order that these claims were discharged or dischargeable. In April 2002, Slater's bankruptcy petition was dismissed without a discharge as to any of the debts.

In October 2008, Slater filed a complaint with the Tax Court requesting a refund of sales and use tax and asking that the Division be barred from pursuing its claims because the claims were expunged in the bankruptcy proceeding. The Director moved to dismiss the complaint as untimely and the Tax Court dismissed the complaint for lack of subject matter jurisdiction.

The Appellate Division affirmed the Tax Court and noted that the Director's claims were not disposed of in Bankruptcy Court. Furthermore, the refund claim was dismissed as untimely because the order expunging the Division's claims was vacated as a matter of law when the petition was dismissed. Thus, the assessment was neither expunged nor discharged. Slater filed a notice of petition for certification with the New Jersey Supreme Court.

# New Jersey Division of Taxation

## APPENDICES

- A** | General and Effective Property Tax Rates (2012)
- B** | Abstract of Ratables and Exemptions (2012)
- C** | Assessed Value of Partial Exemptions and Abatements (2012)
- D** | County Tax Board Appeals (2012)
- E** | Taxable Value of Land and Improvements (2003 – 2012)
- F** | Public Utility Taxes (2013)
- G** | Individual Income Tax Returns—County Profile (2011)
- H** | Average Gross Income and Income Tax by County (2011)
- I** | Sales and Use Tax Collections by Business Type (2010 – 2012)

## 2012 General and Effective Property Tax Rates By Municipality

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
<b>Atlantic</b>			Englewood Cliffs Bor.	0.825	0.877
Absecon City	2.070	2.263	Fair Lawn Borough	2.942	2.693
Atlantic City	2.164	2.360	Fairview Borough	2.684	2.431
Brigantine City	1.203	1.388	Fort Lee Borough	2.052	2.000
Buena Borough	2.531	2.585	Franklin Lakes Borough	1.533	1.401
Buena Vista Township	2.033	2.164	Garfield City	2.461	2.329
Corbin City	2.577	1.349	Glen Rock Borough	2.645	2.441
Egg Harbor City	3.961	3.443	Hackensack City	3.095	2.690
Egg Harbor Township	4.228	2.437	Harrington Park Borough	2.081	2.250
Estell Manor City	2.859	1.841	Hasbrouck Heights Bor.	2.742	2.552
Folsom Borough	2.902	1.605	Haworth Borough	2.640	2.027
Galloway Township	2.054	2.194	Hillsdale Borough	2.160	2.232
Hamilton Township	2.355	2.308	Ho Ho Kus Borough	1.882	1.709
Hammonton Town	3.481	2.072	Leonia Borough	2.474	2.401
Linwood City	3.777	2.624	Little Ferry Borough	2.470	2.497
Longport Borough	0.772	0.721	Lodi Borough	3.103	2.926
Margate City	1.373	1.215	Lyndhurst Township	2.550	2.304
Mullica Township	3.919	1.999	Mahwah Township	1.626	1.442
Northfield City	2.676	2.630	Maywood Borough	2.678	2.466
Pleasantville City	3.030	2.729	Midland Park Borough	2.571	2.329
Port Republic City	3.301	1.826	Montvale Borough	1.726	1.797
Somers Point City	4.293	2.265	Moonachie Borough	1.930	1.794
Ventnor City	1.880	1.846	New Milford Borough	2.448	2.474
Weymouth Township	3.352	1.931	North Arlington Borough	2.705	2.562
<b>Bergen</b>			Northvale Borough	2.489	2.178
Allendale Borough	2.311	2.178	Norwood Borough	2.218	1.972
Alpine Borough	0.705	0.596	Oakland Borough	2.527	2.234
Bergenfield Borough	2.970	2.859	Old Tappan Borough	1.751	1.704
Bogota Borough	2.691	2.746	Oradell Borough	2.347	2.199
Carlstadt Borough	4.145	1.777	Palisades Park Borough	1.722	1.637
Cliffside Park Borough	2.138	1.908	Paramus Borough	1.677	1.567
Closter Borough	2.084	2.046	Park Ridge Borough	2.279	2.037
Cresskill Borough	2.324	2.104	Ramsey Borough	2.589	2.087
Demarest Borough	2.295	2.099	Ridgefield Borough	2.002	1.832
Dumont Borough	3.182	2.888	Ridgefield Park Village	3.341	3.005
Elmwood Park Borough	2.591	2.313	Ridgewood Village	2.019	2.103
East Rutherford Borough	1.735	1.432	River Edge Borough	3.065	2.732
Edgewater Borough	1.566	1.323	River Vale Township	2.170	2.209
Emerson Borough	2.387	2.170	Rochelle Park Township	2.060	2.106
Englewood City	2.365	2.046	Rockleigh Borough	0.956	0.873
			Rutherford Borough	2.337	2.408

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
<b>Bergen</b> (continued)			Southampton Township	2.500	2.120
Saddle Brook Township	2.185	2.057	Springfield Township	2.265	2.350
Saddle River Borough	0.971	0.859	Tabernacle Township	2.228	2.170
South Hackensack Twp.	2.281	2.124	Washington Township	1.139	1.359
Teaneck Township	2.397	2.492	Westampton Township	2.067	2.104
Tenafly Borough	2.297	2.155	Willingboro Township	3.251	3.173
Teterboro Borough	1.327	1.179	Woodland Township	1.690	1.795
Upper Saddle River Bor.	2.128	1.600	Wrightstown Borough	3.430	2.214
Waldwick Borough	2.420	2.404			
Wallington Borough	2.133	2.263	<b>Camden</b>		
Washington Township	1.865	1.954	Audubon Borough	3.010	2.945
Westwood Borough	2.411	1.954	Audubon Park Borough	4.336	4.295
Woodcliff Lake Borough	2.081	1.952	Barrington Borough	3.244	3.362
Wood-Ridge Borough	3.515	2.228	Bellmawr Borough	3.252	3.120
Wyckoff Township	1.534	1.642	Berlin Borough	2.793	2.694
			Berlin Township	5.344	3.275
<b>Burlington</b>			Brooklawn Borough	2.857	2.694
Bass River Township	1.559	1.594	Camden City	2.489	2.713
Beverly City	3.841	3.595	Cherry Hill Township	5.874	2.938
Bordentown City	2.567	2.690	Chesilhurst Borough	2.907	2.957
Bordentown Township	2.755	2.318	Clementon Borough	3.346	3.470
Burlington City	3.089	2.939	Collingswood Borough	3.016	2.911
Burlington Township	2.627	2.518	Gibbsboro Borough	4.449	3.132
Chesterfield Township	2.408	2.342	Gloucester City	5.144	2.931
Cinnaminson Township	2.353	2.408	Gloucester Township	3.082	3.078
Delanco Township	2.216	2.351	Haddon Township	3.148	2.865
Delran Township	3.173	2.667	Haddonfield Borough	2.642	2.659
Eastampton Township	2.386	2.501	Haddon Heights Borough	2.692	2.761
Edgewater Park Township	2.270	2.386	Hi-Nella Borough	3.343	3.052
Evesham Township	2.483	2.409	Laurel Springs Borough	6.724	3.827
Fieldsboro Borough	2.518	2.364	Lawnside Borough	3.816	3.223
Florence Township	2.246	2.130	Lindenwold Borough	6.276	3.715
Hainesport Township	3.531	1.887	Magnolia Borough	3.653	3.247
Lumberton Township	2.145	2.000	Merchantville Borough	3.448	3.267
Mansfield Township	2.007	2.115	Mount Ephraim Borough	6.512	3.521
Maple Shade Township	2.552	2.473	Oaklyn Borough	6.124	3.373
Medford Township	2.758	2.606	Pennsauken Township	5.040	2.968
Medford Lakes Borough	2.818	2.667	Pine Hill Borough	3.647	3.706
Moorestown Township	1.949	2.035	Pine Valley Borough	1.555	1.552
Mount Holly Township	2.468	2.561	Runnemede Borough	5.502	3.329
Mount Laurel Township	4.095	2.174	Somerdale Borough	3.318	3.280
New Hanover Township	2.369	1.554	Stratford Borough	5.735	3.301
North Hanover Township	1.796	1.747	Tavistock Borough	1.545	1.530
Palmyra Borough	5.021	2.795	Voorhees Township	2.754	2.924
Pemberton Borough	2.772	1.505	Waterford Township	5.406	2.919
Pemberton Township	3.503	1.953	Winslow Township	3.024	2.810
Riverside Township	3.037	2.684	Woodlynne Borough	8.660	4.933
Riverton Borough	2.621	2.675			
Shamong Township	2.441	2.194			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
<b>Cape May</b>			North Caldwell Borough	2.112	1.990
Avalon Borough	0.509	0.469	Nutley Township	3.049	2.798
Cape May City	0.827	0.794	Orange City	3.552	3.638
Cape May Point Borough	0.504	0.495	Roseland Borough	2.037	1.860
Dennis Township	1.217	1.385	S. Orange Village Twp.	3.466	2.920
Lower Township	1.307	1.325	Verona Township	2.678	2.479
Middle Township	1.410	1.502	West Caldwell Township	2.194	2.082
North Wildwood City	1.074	1.041	West Orange Township	3.544	3.232
Ocean City	0.783	0.817	<b>Gloucester</b>		
Sea Isle City	0.579	0.626	Clayton Borough	5.368	3.024
Stone Harbor Borough	0.502	0.497	Deptford Township	2.535	2.447
Upper Township	1.325	1.383	East Greenwich Township	2.690	2.406
West Cape May Borough	1.149	1.044	Elk Township	2.481	2.600
West Wildwood Borough	1.329	1.334	Franklin Township	4.238	2.472
Wildwood City	1.936	1.893	Glassboro Borough	3.146	3.043
Wildwood Crest Borough	1.093	1.116	Greenwich Township	4.176	2.167
Woodbine Borough	1.292	1.186	Harrison Township	2.537	2.398
<b>Cumberland</b>			Logan Township	3.405	1.834
Bridgeton City	5.661	3.705	Mantua Township	2.890	2.673
Commercial Township	2.065	2.305	Monroe Township	2.873	2.977
Deerfield Township	2.971	2.598	National Park Borough	3.663	3.568
Downe Township	1.690	1.988	Newfield Borough	2.497	2.679
Fairfield Township	2.203	2.161	Paulsboro Borough	5.150	2.842
Greenwich Township	3.592	2.635	Pitman Borough	5.730	3.006
Hopewell Township	3.612	2.500	S. Harrison Township	2.288	2.502
Lawrence Township	2.178	2.208	Swedesboro Borough	3.367	3.271
Maurice River Township	2.366	2.075	Washington Township	5.093	2.688
Millville City	3.135	2.490	Wenonah Borough	2.913	3.295
Shiloh Borough	2.268	2.614	West Deptford Township	2.514	2.513
Stow Creek Township	3.355	2.407	Westville Borough	3.336	3.423
Upper Deerfield Twp.	2.497	2.488	Woodbury City	4.112	3.998
Vineland City	4.132	2.118	Woodbury Heights Bor.	3.600	3.470
<b>Essex</b>			Woolwich Township	5.205	2.866
Belleville Township	3.288	3.029	<b>Hudson</b>		
Bloomfield Township	3.375	3.126	Bayonne City	7.114	2.922
Caldwell Borough Twp.	2.346	2.231	East Newark Borough	8.627	2.645
Cedar Grove Township	1.960	1.901	Guttenberg Town	3.448	2.952
East Orange City	3.468	3.246	Harrison Town	6.422	2.815
Essex Fells Township	1.833	1.846	Hoboken City	4.750	1.452
Fairfield Township	1.886	1.710	Jersey City	7.184	2.217
Glen Ridge Bor. Twp.	3.051	2.960	Kearny Town	9.618	2.945
Irvington Township	3.399	3.569	North Bergen Township	4.953	2.501
Livingston Township	2.204	2.139	Secaucus Town	3.697	1.918
Maplewood Township	3.186	2.892	Union City	6.401	2.830
Millburn Township	1.899	1.781	Weehawken Township	4.345	2.193
Montclair Township	3.253	2.730	West New York Town	6.460	2.424
Newark City	3.452	2.233			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
<b>Hunterdon</b>			East Brunswick Township	9.290	2.379
Alexandria Township	2.079	2.140	Edison Township	4.529	2.160
Bethlehem Township	2.822	2.494	Helmetta Borough	2.713	2.373
Bloomsbury Borough	2.201	2.170	Highland Park Borough	6.988	2.753
Califon Borough	2.842	2.838	Jamesburg Borough	5.362	2.563
Clinton Town	2.543	2.664	Metuchen Borough	5.245	2.301
Clinton Township	2.331	2.400	Middlesex Borough	7.700	2.423
Delaware Township	2.096	1.987	Milltown Borough	4.702	2.281
East Amwell Township	1.885	1.887	Monroe Township	4.091	2.112
Flemington Borough	2.720	2.562	New Brunswick City	5.474	2.146
Franklin Township	2.361	2.204	North Brunswick Twp.	5.011	2.548
Frenchtown Borough	2.743	2.432	Old Bridge Township	4.370	2.024
Glen Gardner Borough	2.818	2.282	Perth Amboy City	2.680	2.465
Hampton Borough	3.015	2.831	Piscataway Township	6.312	2.240
High Bridge Borough	3.168	3.046	Plainsboro Township	2.390	2.280
Holland Township	1.944	1.992	Sayreville Borough	4.496	2.021
Kingwood Township	2.076	1.960	South Amboy City	2.336	2.237
Lambertville City	1.778	1.736	South Brunswick Twp.	4.491	1.991
Lebanon Borough	2.050	1.955	South Plainfield Bor.	5.244	1.875
Lebanon Township	2.596	2.069	South River Borough	6.716	1.960
Milford Borough	3.076	2.655	Spotswood Borough	2.844	2.500
Raritan Township	2.287	2.183	Woodbridge Township	9.114	2.384
Readington Township	2.668	2.230			
Stockton Borough	2.075	2.099	<b>Monmouth</b>		
Tewksbury Township	2.254	1.768	Aberdeen Township	2.338	2.253
Union Township	2.666	2.147	Allenhurst Borough	0.685	0.664
West Amwell Township	2.367	1.998	Allentown Borough	2.651	2.574
			Asbury Park City	5.609	1.793
<b>Mercer</b>			Atlantic Highlands Bor.	2.383	1.907
East Windsor Township	2.921	2.762	Avon-by-the-Sea Bor.	1.021	1.000
Ewing Township	5.107	3.029	Belmar Borough	1.909	1.180
Hamilton Township	4.074	2.294	Bradley Beach Borough	1.318	1.313
Hightstown Borough	3.188	3.306	Brielle Borough	1.378	1.530
Hopewell Borough	2.293	2.414	Colts Neck Township	1.570	1.548
Hopewell Township	2.359	2.391	Deal Borough	0.696	0.543
Lawrence Township	4.489	2.198	Eatontown Borough	2.096	2.040
Pennington Borough	2.371	2.389	Englishtown Borough	1.909	2.038
Princeton Borough	2.105	1.918	Fair Haven Borough	2.350	1.808
Princeton Township	2.045	1.952	Farmingdale Borough	1.811	1.853
Robbinsville Township	2.665	2.702	Freehold Borough	2.326	2.182
Trenton City	5.534	3.881	Freehold Township	2.010	1.993
West Windsor Township	2.461	2.363	Hazlet Township	2.326	2.248
			Highlands Borough	2.545	2.246
<b>Middlesex</b>			Holmdel Township	2.017	1.841
Carteret Borough	2.872	2.525	Howell Township	2.585	2.173
Cranbury Township	1.834	1.756	Interlaken Borough	1.510	1.104
Dunellen Borough	11.771	2.825			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
<b>Monmouth (continued)</b>			Kinnelon Borough	2.968	2.186
Keansburg Borough	3.309	2.685	Lincoln Park Borough	2.458	2.289
Keyport Borough	2.186	2.323	Long Hill Township	2.859	2.156
Lake Como Borough	1.622	1.647	Madison Borough	2.779	1.646
Little Silver Borough	2.373	1.834	Mendham Borough	1.918	1.795
Loch Arbour Village	2.129	1.844	Mendham Township	1.918	1.803
Long Branch City	1.959	1.715	Mine Hill Township	2.392	2.275
Manalapan Township	2.006	1.853	Montville Township	2.121	1.895
Manasquan Borough	1.599	1.249	Morris Township	2.440	1.653
Marlboro Township	2.018	1.914	Morris Plains Borough	1.982	1.825
Matawan Borough	2.468	2.580	Morristown Town	2.608	2.076
Middletown Township	2.108	1.923	Mountain Lakes Borough	2.163	2.166
Millstone Township	2.489	2.028	Mount Arlington Borough	2.443	2.078
Monmouth Beach Bor.	1.287	1.214	Mount Olive Township	2.999	2.722
Neptune Township	2.391	1.890	Netcong Borough	2.257	2.502
Neptune City Borough	2.736	2.227	Parsippany-Troy Hills Twp.	2.557	2.059
Ocean Township	2.111	1.886	Pequannock Township	2.102	1.844
Oceanport Borough	2.049	1.791	Randolph Township	3.417	2.244
Red Bank Borough	1.757	1.842	Riverdale Borough	1.517	1.617
Roosevelt Borough	2.841	2.693	Rockaway Borough	2.496	2.167
Rumson Borough	1.546	1.327	Rockaway Township	2.878	2.467
Sea Bright Borough	1.797	1.213	Roxbury Township	3.929	2.315
Sea Girt Borough	0.752	0.759	Victory Gardens Borough	2.190	2.088
Shrewsbury Borough	2.694	2.005	Washington Township	2.336	2.159
Shrewsbury Township	2.853	3.039	Wharton Borough	2.483	2.425
Spring Lake Borough	0.659	0.655			
Spring Lake Heights Bor.	1.259	1.308	<b>Ocean</b>		
Tinton Falls Borough	1.917	1.816	Barneгат Township	2.374	2.176
Union Beach Borough	3.313	2.402	Barneгат Light Borough	0.821	0.746
Upper Freehold Township	2.206	2.062	Bay Head Borough	0.729	0.735
Wall Township	2.752	1.685	Beach Haven Borough	1.099	0.906
West Long Branch Bor.	1.887	2.043	Beachwood Borough	1.724	1.815
			Berkeley Township	1.862	1.714
<b>Morris</b>			Brick Township	1.962	1.761
Boonton Town	2.516	2.392	Eagleswood Township	2.041	1.848
Boonton Township	1.872	1.831	Harvey Cedars Borough	0.809	0.769
Butler Borough	3.103	2.373	Island Heights Borough	1.718	1.538
Chatham Borough	1.822	1.604	Jackson Township	1.968	1.947
Chatham Township	1.683	1.574	Lacey Township	1.526	1.612
Chester Borough	2.451	2.221	Lakehurst Borough	2.010	2.100
Chester Township	2.223	2.033	Lakewood Township	2.266	1.893
Denville Township	2.880	1.953	Lavallette Borough	0.902	0.746
Dover Town	1.958	1.985	Little Egg Harbor Twp.	1.738	1.863
East Hanover Township	2.075	1.381	Long Beach Township	0.892	0.794
Florham Park Borough	1.330	1.310	Manchester Township	1.922	1.929
Hanover Township	1.630	1.439	Mantoloking Borough	0.547	0.544
Harding Township	1.065	0.860	Ocean Township	1.722	1.515
Jefferson Township	2.335	2.275	Ocean Gate Borough	1.965	1.975

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
<b>Ocean (continued)</b>			<b>Somerset</b>		
Pine Beach Borough	1.654	1.621	Bedminster Township	1.306	1.228
Plumsted Township	1.530	1.799	Bernards Township	1.941	1.850
Point Pleasant Borough	1.757	1.627	Bernardsville Borough	1.740	1.665
Pt. Pleasant Beach Bor.	1.098	1.175	Bound Brook Borough	2.712	2.784
Seaside Heights Borough	1.499	1.656	Branchburg Township	2.130	2.023
Seaside Park Borough	1.254	1.154	Bridgewater Township	1.967	1.829
Ship Bottom Borough	1.021	0.873	Far Hills Borough	1.232	1.180
South Toms River Bor.	2.011	2.161	Franklin Township	2.131	2.065
Stafford Township	1.907	1.826	Green Brook Township	2.367	2.245
Surf City Borough	0.886	0.812	Hillsborough Township	2.185	2.034
Toms River Township	1.538	1.573	Manville Borough	2.256	2.318
Tuckerton Borough	2.144	1.883	Millstone Borough	2.449	2.387
<b>Passaic</b>			Montgomery Township	2.709	2.223
Bloomington Borough	3.681	3.345	North Plainfield Borough	2.993	3.038
Clifton City	4.903	2.647	Peapack & Gladstone Bor.	1.872	1.776
Haledon Borough	6.190	3.292	Raritan Borough	2.287	2.099
Hawthorne Borough	5.177	2.547	Rocky Hill Borough	2.004	1.836
Little Falls Township	2.300	2.290	Somerville Borough	3.135	2.977
North Haledon Borough	2.569	2.363	South Bound Brook Bor.	2.867	2.937
Passaic City	7.107	2.841	Warren Township	1.993	1.923
Paterson City	2.515	2.977	Watchung Borough	2.014	1.920
Pompton Lakes Borough	6.414	3.176	<b>Sussex</b>		
Prospect Park Borough	6.270	3.629	Andover Borough	3.770	2.243
Ringwood Borough	2.781	2.745	Andover Township	3.323	2.581
Totowa Borough	2.060	2.094	Branchville Borough	2.029	1.893
Wanaque Borough	6.489	2.814	Byram Township	3.177	2.897
Wayne Township	4.869	2.488	Frankford Township	1.920	2.094
West Milford Township	3.382	3.095	Franklin Borough	2.839	2.673
Woodland Park Borough	2.570	2.452	Fredon Township	2.546	2.425
<b>Salem</b>			Green Township	2.351	2.561
Alloway Township	2.430	2.382	Hamburg Borough	4.224	2.826
Carneys Point Township	2.423	2.486	Hampton Township	3.895	2.195
Elmer Borough	2.696	2.565	Hardyston Township	2.287	2.178
Elsinboro Township	2.277	2.436	Hopatcong Borough	2.155	2.459
Lower Alloways Crk. Twp.	1.234	0.942	Lafayette Township	2.107	2.233
Mannington Township	2.388	2.309	Montague Township	3.738	2.258
Oldmans Township	2.382	2.214	Newton Town	3.320	3.150
Penns Grove Borough	3.586	3.573	Ogdensburg Borough	2.665	2.755
Pennsville Township	3.268	2.885	Sandyston Township	2.028	2.031
Pilesgrove Township	2.336	2.412	Sparta Township	3.654	2.538
Pittsgrove Township	2.819	2.604	Stanhope Borough	3.125	2.890
Quinton Township	2.478	2.274	Stillwater Township	4.768	2.253
Salem City	3.728	3.890	Sussex Borough	4.586	2.516
Upper Pittsgrove Twp.	2.158	2.225	Vernon Township	2.648	2.534
Woodstown Borough	2.696	2.723	Walpack Township	0.580	0.459
			Wantage Township	2.143	2.342

<b>County</b>	<b>General Tax Rate</b>	<b>Effective Tax Rate</b>	<b>County</b>	<b>General Tax Rate</b>	<b>Effective Tax Rate</b>
<b>Union</b>			<b>Warren</b>		
Berkeley Heights Twp.	3.613	1.945	Allamuchy Township	2.404	2.217
Clark Township	7.613	2.173	Alpha Borough	2.909	2.844
Cranford Township	5.457	2.191	Belvidere Town	5.289	2.998
Elizabeth City	22.640	2.878	Blairstown Township	2.160	1.977
Fanwood Borough	12.334	2.470	Franklin Township	2.783	2.760
Garwood Borough	8.519	2.349	Frelinghuysen Township	2.221	2.036
Hillside Township	7.078	3.400	Greenwich Township	2.673	2.226
Kenilworth Borough	4.141	2.215	Hackettstown Town	2.533	2.607
Linden City	5.704	2.804	Hardwick Township	2.796	2.092
Mountainside Borough	6.176	1.732	Harmony Township	2.336	1.900
New Providence Borough	4.306	2.208	Hope Township	2.237	2.330
Plainfield City	7.003	3.129	Independence Township	2.097	2.228
Rahway City	5.841	2.703	Knowlton Township	3.152	2.298
Roselle Borough	7.614	3.966	Liberty Township	2.881	2.512
Roselle Park Borough	12.184	3.016	Lopatcong Township	2.546	2.252
Scotch Plains Township	9.450	2.346	Mansfield Township	3.081	2.611
Springfield Township	6.273	2.445	Oxford Township	2.802	2.687
Summit City	3.967	1.774	Phillipsburg Town	2.675	2.605
Union Township	17.098	2.611	Pohatcong Township	3.612	3.136
Westfield Town	7.862	2.036	Washington Borough	4.600	3.280
Winfield Township	199.870	17.267	Washington Township	3.270	2.688
			White Township	1.998	1.821

# Abstract of Ratables and Exemptions 2012

	Col. 1	Col. 2	Col. 3	Col. 4
COUNTY	(a) Land	(b) Improvements (Includes Partial Exemptions & Abatements)	Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Total Taxable Value—Partial Exemptions and Abatements (Assessed Value)
	TAXABLE VALUE			
	(a)	(b)	Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Total Taxable Value—Partial Exemptions and Abatements (Assessed Value)
	Land	Improvements (Includes Partial Exemptions & Abatements)	Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Total Taxable Value of Land and Improvements (Col. 2 - 3)
	(a)	(b)	Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Total Taxable Value of Land and Improvements (Col. 2 - 3)
	Land	Improvements (Includes Partial Exemptions & Abatements)	Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Total Taxable Value of Land and Improvements (Col. 2 - 3)
	Land	Improvements (Includes Partial Exemptions & Abatements)	Total Taxable Value of Land and Improvements (Col. 1(a) + (b))	Total Taxable Value of Land and Improvements (Col. 2 - 3)
Atlantic	\$ 20,949,708,686	\$ 25,290,103,559	\$ 46,239,812,245	\$ 46,217,412,345
Bergen	81,103,273,440	75,159,730,234	156,263,003,674	156,257,035,229
Burlington	14,244,588,761	28,324,247,079	42,568,835,840	42,530,246,880
Camden	10,400,812,657	21,695,706,183	32,096,518,840	32,049,023,280
Cape May	33,712,278,600	16,166,586,200	49,878,864,800	49,878,864,800
Cumberland	1,675,274,200	4,864,867,400	6,540,141,600	6,522,751,600
Essex	34,947,798,552	42,441,259,698	77,389,058,250	77,175,617,150
Gloucester	6,365,761,913	15,589,719,477	21,955,481,390	21,943,408,210
Hudson	7,649,489,836	14,514,012,032	22,163,501,868	22,059,173,124
Hunterdon	7,871,570,596	12,272,529,239	20,144,099,835	20,136,014,835
Mercer	14,089,387,600	20,823,996,178	34,913,383,778	34,863,776,278
Middlesex	17,199,614,304	30,754,008,750	47,953,623,054	47,879,028,154
Monmouth	51,952,450,200	51,654,997,520	103,607,447,720	103,573,172,220
Morris	36,519,647,118	41,877,971,422	78,397,618,540	78,390,777,040
Ocean	52,591,356,824	42,503,536,472	95,094,893,296	95,093,813,596
Passaic	16,404,639,615	19,649,744,761	36,054,384,376	36,051,366,476
Salem	1,606,192,747	3,712,084,639	5,318,277,386	5,318,277,386
Somerset	22,583,352,256	32,332,546,627	54,915,898,883	54,908,597,883
Sussex	7,237,479,229	9,612,241,612	16,849,720,841	16,849,720,841
Union	9,605,911,750	14,002,469,066	23,608,380,816	23,600,166,616
Warren	3,555,866,212	7,235,119,272	10,790,985,484	10,778,445,484
<b>TOTALS</b>	<b>\$452,266,455,096</b>	<b>\$530,477,477,420</b>	<b>\$982,743,932,516</b>	<b>\$667,243,089</b>
				<b>\$982,076,689,427</b>

## Abstract of Ratables and Exemptions 2012 (continued)

	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10
	Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies	Net Valuation Taxable (Col. 4 + 5)	General Tax Rate to Apply per \$100 Valuation	County Equalization Table—Average Ratio of Assessed to True Value of Real Property (R.S. 54:3-17 to R.S. 54:3-19)	TRUE VALUE  (a) U.E.Z. Abatement Expired  (b) Class II Railroad Property (C.139, L. 1966)	EQUALIZATION  Amounts Deducted Under R.S. 54:3-17 to R.S. 54:3-19
<b>COUNTY</b>						
Atlantic	\$ 66,937,928	\$ 46,284,350,273				\$2,461,853,250
Bergen	230,570,599	156,487,605,828				1,607,178,899
Burlington	110,385,134	42,640,632,014				511,524,225
Camden	112,567,852	32,161,591,132				446,518,009
Cape May	35,615,552	49,914,480,352				1,467,629,528
<b>Cumberland</b>						
Essex	24,503,110*	6,541,110,810				66,977,859
Gloucester	185,759,001	77,361,376,151				185,977,256
Hudson	103,881,827	22,047,290,037				200,329,651
Hunterdon	47,041,091	22,106,214,215				
	53,714,798	20,189,729,633				127,251,478
<b>Mercer</b>						
Middlesex	96,025,393	34,959,801,671			\$1,910,596	127,595,577
Monmouth	127,008,199	48,006,036,353				
Morris	140,396,480	103,713,568,700				553,274,842
Ocean	125,183,300	78,515,960,340				111,798,097
	132,634,972	95,226,448,568				1,300,125,340
<b>Passaic</b>						
Salem	40,161,083	36,091,527,559				1,423,591,540
Somerset	17,422,097	5,335,699,483				65,486,791
Sussex	101,671,823	55,010,269,706				86,337,756
Union	31,167,721	16,880,888,562				523,885,415
	39,794,749	23,639,961,365				
<b>Warren</b>						
	31,055,796	10,809,501,280				82,367,606
<b>TOTALS</b>	\$1,853,498,505	\$983,924,044,032			\$1,910,596	\$11,349,703,119

\* Includes Cumberland County, Millville City Revenue Allocation District \$6,143,900

# Abstract of Ratables and Exemptions 2012 (continued)

	Col. 10	Col. 11	Col. 12—APPORTIONMENT OF TAXES				
	I		II				
	EQUALIZATION (b)		Net Valuation on Which County Taxes Are Apportioned		ADJUSTMENTS RESULTING FROM		
COUNTY	Amounts Added Under R.S. 54:3-17 to R.S. 54:3-19 and N.J.S.A. 54:11D-7	(Col. 6 – 9(a) + 9(b) – 10(a) + 10(b))	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)	Deduct	Add
			Overpayment	Add	Overpayment	Deduct	Add
Atlantic	\$ 4,876,125,046	\$ 48,698,622,069	\$ 154,702,369.84		\$ 1,956,626.09		
Bergen	13,867,587,843	168,748,014,772	367,543,109.09		9,018,391.09		
Burlington	6,077,851,242	48,206,959,031	149,007,711.36		958,069.38	\$	177.02
Camden	8,109,524,049	39,824,597,172	280,963,084.00		948,814.00		107,230.00
Cape May	889,980,635	49,336,831,459	95,041,293.29		437,758.29		
Cumberland	2,827,645,490	9,301,778,441	84,055,038.41		1,116,547.41		
Essex	11,193,435,513	88,368,834,408	398,163,086.06		6,448,780.72		
Gloucester	5,692,099,222	27,539,059,608	140,637,893.23		663,820.41		927.18
Hudson	35,697,982,818	57,804,197,033	295,999,735.61		4,903,260.61		
Hunterdon	1,874,626,252	21,937,104,407	64,247,277.29		98,325.83		6,048.54
Mercer	9,619,208,578	44,449,504,076	235,496,941.86		777,217.60		1,524,796.74
Middlesex	54,132,293,410	102,138,329,763	333,695,630.54		5,401,183.61		171,553.07
Monmouth	13,729,789,917	116,890,083,775	304,614,910.82		2,139,910.82		
Morris	16,592,375,399	94,996,537,642	218,920,327.75		1,002,481.33		
Ocean	6,195,563,367	100,121,886,595	303,072,884.92		3,046,241.92		
Passaic	15,163,737,711	49,831,673,730	311,736,292.81		6,736,405.81		
Salem	315,022,943	5,585,235,635	51,470,185.75		113,944.26		
Somerset	3,372,150,739	58,296,082,689	171,458,152.63		550,552.29		5,861.66
Sussex	2,535,646,817	18,892,649,964	79,483,569.38		348,343.38		
Union	44,950,648,942	68,590,610,307	305,160,025.50		2,662,574.50		
Warren	1,336,878,166	12,064,011,840	69,054,783.59		2,153,997.59		
<b>TOTALS</b>	<b>\$259,050,174,099</b>	<b>\$1,231,622,604,416</b>	<b>\$4,414,524,303.73</b>		<b>\$51,483,246.94</b>		<b>\$1,816,594.21</b>

# Abstract of Ratables and Exemptions 2012 (continued)

## Col. 12—APPORTIONMENT OF TAXES

COUNTY	Section A County Taxes			Section B		
	III Net County Taxes Apportioned	IV Municipal Budget State Aid (R.S. 52:27D-118.40)	V Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII-IV- Addendum 1(a))	(a) County Library Taxes	(b) County Health Taxes	(c) County Open Space Taxes
Atlantic	\$ 152,745,743.75		\$ 152,745,743.75	\$ 7,971,635.00	\$ 6,309,543.00	\$ 2,472,392.02
Bergen	358,524,718.00		358,524,718.00			4,218,700.37
Burlington	148,049,819.00		148,049,819.00	10,646,309.00		19,158,363.57
Camden	280,121,500.00		280,121,500.00	9,503,173.00		7,964,919.00
Cape May	94,603,535.00		94,603,535.00	8,667,988.74		4,933,683.15
Cumberland	82,938,491.00		82,938,491.00		1,913,228.00	930,177.85
Essex	391,714,305.34		391,714,305.34			13,255,333.49
Gloucester	139,975,000.00		139,975,000.00	4,476,556.00		11,015,624.00
Hudson	291,096,475.00		291,096,475.00			5,780,418.17
Hunterdon	64,155,000.00		64,155,000.00	6,015,000.00		6,581,000.00
Mercer	236,244,521.00		236,244,521.00	13,241,656.00		8,927,045.00
Middlesex	328,466,000.00		328,466,000.00			30,144,940.00
Monmouth	302,475,000.00		302,475,000.00	12,350,000.00	2,250,000.00	17,533,512.57
Morris	217,917,846.42		217,917,846.42			14,249,480.65
Ocean	300,026,643.00		300,026,643.00	33,325,872.00	10,332,000.00	12,021,340.00
Passaic	304,999,887.00		304,999,887.00			4,983,167.34
Salem	51,356,241.49		51,356,241.49			1,117,047.13
Somerset	170,913,462.00		170,913,462.00	15,063,809.00		17,496,793.68
Sussex	79,135,226.00	\$200.00	79,135,026.00	4,724,871.00	2,231,827.00	394,999.97
Union	302,497,451.00		302,497,451.00			10,288,591.54
Warren	66,900,786.00		66,900,786.00	4,292,636.00		7,238,407.10
<b>TOTALS</b>	\$4,364,857,651.00	\$200.00	\$4,364,857,451.00	\$130,279,505.74	\$23,036,598.00	\$200,705,936.60

# Abstract of Ratables and Exemptions 2012 (continued)

## Col. 12—APPORTIONMENT OF TAXES

### Section C Local Taxes to be Raised for

COUNTY	I DISTRICT SCHOOL PURPOSES			II LOCAL MUNICIPAL PURPOSES	
	(a) District School Budget (Adjusted by Addendum 1(b))	(b) Regional Consolidated and Joint School Budgets	(c) Local School Budget	(a) Local Municipal Budget (Adjusted by Addendum 1(c))	(b) Local Municipal Open Space
Atlantic	\$ 380,823,428.00	\$ 61,090,337.82	\$ 5,544,196.77	\$ 391,792,816.59	\$ 538,792.00
Bergen	1,725,016,112.01	243,193,328.67		1,041,668,655.93	4,115,806.97
Burlington	523,757,416.50	183,758,861.19		227,306,543.19	8,527,615.28
Camden	538,917,356.50	60,561,185.86		284,114,407.75	2,577,499.90
Cape May	130,622,641.50	19,397,693.00		176,384,472.87	
Cumberland	59,819,324.50	7,894,000.86		63,738,783.54	
Essex	789,638,025.50	174,854,675.17	34,837,860.21	788,042,146.93	2,032,431.81
Gloucester	344,061,361.28	59,735,055.31		169,823,259.94	2,468,065.59
Hudson	388,977,983.50		20,266,360.25	585,324,680.52	602,046.00
Hunterdon	211,758,065.11	121,151,191.97		61,184,987.48	4,816,044.33
Mercer	268,390,850.37	281,773,093.65		271,793,316.19	6,220,631.38
Middlesex	1,228,943,380.36	76,433,559.38	2,048,483.00	564,280,412.07	5,869,299.14
Monmouth	877,224,461.45	329,108,131.23		491,445,687.46	11,557,283.75
Morris	875,368,060.14	269,241,212.81		425,480,131.07	10,041,956.76
Ocean	509,442,372.03	226,804,710.42	5,530,670.00	426,141,569.43	7,731,008.65
Passaic	519,582,408.50	49,083,641.09		445,097,702.56	1,947,789.00
Salem	47,537,607.00	19,713,607.51		23,039,433.80	417,501.02
Somerset	410,087,733.00	332,666,777.82		202,557,908.27	13,642,850.72
Sussex	197,736,447.00	83,577,060.43		100,146,790.13	819,968.58
Union	704,943,130.50	76,288,936.62	4,038,393.00	558,242,205.51	230,605.97
Warren	114,129,766.34	44,135,081.00		52,950,125.77	2,179,150.51
<b>TOTALS</b>	\$10,846,777,931.09	\$2,720,462,141.81	\$72,265,963.23	\$7,350,556,037.00	\$86,336,347.36

## Abstract of Ratables and Exemptions 2012 (continued)

COUNTY	Section C		Section D		REAL PROPERTY EXEMPT FROM TAXATION		
	Local Taxes to be Raised for		Total Tax Levy		(a) Public School Property	(b) Other School Property	(c) Public Property
	II LOCAL MUNICIPAL PURPOSES (c) Local Municipal Library	on Which Tax Rate is Computed (Cols. AV + B(a), (b), (c) + CI(a), (b), (c) + CH(a), (b), (c))					
Atlantic	\$ 8,254,041.80	\$ 1,017,542,926.75	\$ 1,043,907,270	\$ 66,054,600	\$ 3,149,381,200		
Bergen	50,912,128.26	3,427,649,450.21	3,020,308,000	893,287,600	9,153,480,600		
Burlington	4,277,203.31	1,125,482,131.04	1,418,065,610	143,475,035	2,585,823,279		
Camden	4,835,426.92	1,188,595,468.93	1,502,768,100	94,669,700	1,732,875,400		
Cape May	6,669,493.00	441,279,507.26	398,109,700	37,245,400	2,554,576,200		
Cumberland	1,454,974.56	218,688,980.31	334,267,400	23,843,300	882,762,600		
Essex	28,463,974.96	2,222,838,753.41	2,496,261,272	1,379,787,346	7,760,817,871		
Gloucester	5,672,976.42	737,227,898.54	851,358,500	269,303,900	787,481,400		
Hudson	18,756,746.61	1,310,804,710.05	762,624,100	384,957,000	2,389,594,580		
Hunterdon	444,786.54	476,106,075.43	395,423,344	2,085,500	1,024,930,376		
Mercer	6,633,672.10	1,095,273,268.69	916,024,952	2,239,494,800	2,947,675,141		
Middlesex	34,048,649.43	2,268,186,240.38	1,511,952,722	1,436,711,300	1,903,818,430		
Monmouth	11,613,293.60	2,055,557,370.06	1,900,197,700	380,918,100	4,893,073,737		
Morris	26,829,630.44	1,839,128,318.29	1,337,446,100	400,385,200	3,366,498,400		
Ocean	666,263.66	1,532,022,449.19	1,414,732,500	359,679,700	5,167,153,400		
Passaic	16,206,771.60	1,341,901,367.09	1,142,435,400	285,030,700	2,663,665,480		
Salem	72,766.34	143,254,204.29	203,733,300	12,586,900	273,879,000		
Somerset	7,885,662.18	1,170,314,996.67	912,660,696	130,030,194	1,608,553,374		
Sussex	1,147,480.00	469,914,470.11	351,941,300	38,120,900	1,068,666,576		
Union	22,874,861.46	1,679,404,175.60	679,220,800	219,224,700	1,481,753,900		
Warren	1,002,704.91	292,828,657.63	242,296,804	95,437,100	404,160,226		
<b>TOTALS</b>	\$ 258,723,508.10	\$26,054,001,419.93	\$22,835,735,570	\$8,892,328,975	\$57,800,621,170		

Col. 12

Col. 13

# Abstract of Ratables and Exemptions 2012 (continued)

	Col. 13		Col. 14		AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET	
	REAL PROPERTY EXEMPT FROM TAXATION		REAL PROPERTY EXEMPT FROM TAXATION		LOCAL MUNICIPAL BUDGET	
COUNTY	(d) Church and Charitable Property	(e) Cemeteries and Graveyards	(f) Other Exemptions Not Included in Foregoing Classifications	(g) Total Amount of Real Property Exempt From Taxation (Cols. a + b + c + d + e + f)	(a)	Surplus Revenue Appropriated
Atlantic	\$ 517,196,790	\$ 22,313,800	\$ 2,959,920,881	\$ 7,758,774,541	\$ 17,081,337.00	
Bergen	1,739,250,000	757,664,800	3,304,171,620	18,868,162,620	77,039,022.93	
Burlington	963,414,880	27,436,065	1,116,498,557	6,254,713,426	37,154,056.00	
Camden	1,318,373,020	71,555,550	1,755,406,300	6,475,648,070	24,155,864.91	
Cape May	539,728,400	8,288,300	508,095,500	4,046,043,500	18,868,122.00	
Cumberland	176,924,700	6,961,100	356,519,400	1,781,278,500	17,405,468.15	
Essex	1,984,662,186	256,009,100	2,895,293,568	16,772,831,343	49,727,904.90	
Gloucester	456,996,950	16,759,800	459,532,700	2,841,433,250	25,537,076.67	
Hudson	548,299,890	67,642,500	5,075,640,584	9,228,758,654	42,351,865.00	
Hunterdon	235,235,940	13,890,500	209,498,026	1,881,063,686	15,549,168.17	
Mercer	705,533,101	34,756,400	989,429,710	7,832,914,104	30,132,456.61	
Middlesex	1,038,479,391	136,043,700	1,701,195,208	7,728,200,751	54,859,884.61	
Monmouth	1,164,826,700	162,442,700	2,310,293,600	10,811,752,537	68,051,845.00	
Morris	1,068,423,800	70,490,400	818,437,300	7,061,681,200	152,471,199.18	
Ocean	838,265,459	39,605,000	981,963,134	8,801,399,193	54,258,845.24	
Passaic	868,225,300	131,213,400	924,853,603	6,015,423,883	16,212,150.00	
Salem	127,974,821	3,943,800	222,429,545	844,547,366	9,253,980.26	
Somerset	522,166,900	35,662,300	873,687,484	4,082,760,948	40,995,343.55	
Sussex	250,144,605	7,207,700	226,822,200	1,942,903,281	12,154,548.92	
Union	663,644,600	114,996,200	899,237,750	4,058,077,950	64,367,189.00	
Warren	203,776,061	9,350,200	276,326,770	1,231,347,161	12,206,835.00	
<b>TOTALS</b>	\$15,931,543,494	\$1,994,233,315	\$28,865,253,440	\$136,319,715,964	\$839,834,163.10	

## Abstract of Ratables and Exemptions 2012 (continued)

COUNTY	AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET				DEDUCTIONS ALLOWED	
	(b) Miscellaneous Revenues Anticipated	(c) Receipts from Delinquent Tax and Liens	(d) Total of Miscellaneous Revenues (Cols. a + b + c)	(a) (b)		
				Full Estimated Amount of Senior Citizen, Totally Disabled and Surviving Spouse Deductions Allowed	Veterans Deductions	
Atlantic	\$ 95,460,464.08	\$ 7,035,744.97	\$ 119,577,546.05	\$ 620,250	\$ 2,026,000	
Bergen	247,361,109.12	35,940,594.44	360,340,726.49	1,527,250	5,966,500	
Burlington	108,677,401.31	15,826,847.83	161,658,305.14	976,625	4,418,250	
Camden	249,368,170.69	14,665,960.12	288,189,995.72	1,730,500	3,644,750	
Cape May	73,557,641.39	6,271,000.00	98,696,763.39	307,575	1,250,650	
Cumberland	50,234,090.64	4,161,615.00	71,801,173.79	676,625	1,028,625	
Essex	602,255,665.80	37,807,682.00	689,791,252.70	667,500	2,388,250	
Gloucester	71,184,474.59	13,961,003.92	110,682,555.18	888,125	2,629,125	
Hudson	513,293,936.23	12,088,080.95	567,733,882.18	764,250	1,234,750	
Hunterdon	34,453,443.18	7,524,189.38	57,526,800.73	144,250	928,500	
Mercer	228,203,384.22	8,251,962.30	266,587,803.13	672,250	2,264,750	
Middlesex	292,687,838.21	12,548,719.95	360,096,442.77	1,455,750	5,094,750	
Monmouth	197,656,851.00	24,001,796.00	289,710,492.00	861,750	4,479,750	
Morris	18,347,340.25	226,868,182.85	397,686,722.28	618,500	3,321,500	
Ocean	125,540,423.58	25,559,442.99	205,358,711.81	2,737,375	8,288,000	
Passaic	177,087,335.47	13,181,549.98	206,481,035.45	800,160	2,390,500	
Salem	30,989,424.46	4,610,800.30	44,854,205.02	217,000	686,500	
Somerset	94,125,713.94	11,143,100.00	146,264,157.49	417,687	1,860,000	
Sussex	27,063,482.50	9,467,799.00	48,685,830.42	288,625	1,263,500	
Union	214,213,044.87	23,018,710.46	301,598,944.33	988,125	2,853,250	
Warren	29,849,389.23	6,204,107.00	48,260,331.23	251,000	941,000	
<b>TOTALS</b>	<b>\$3,481,610,624.76</b>	<b>\$520,138,889.44</b>	<b>\$4,841,583,677.30</b>	<b>\$17,611,172</b>	<b>\$58,958,900</b>	

Col. 14

Col. 15

# Abstract of Ratables and Exemptions 2012 (continued)

Col. 16		Addendum 1			Addendum 2		
COUNTY	Total Ratables Determined Pursuant to R.S. 54:1-35 After Equalization Under R.S. 54:1-33 and R.S. 54:1-34	STATE AID ADJUSTMENT FOR BUSINESS PERSONAL PROPERTY TAX			REGIONAL EFFICIENCY AID PROGRAM (R.E.A.P.) DISTRIBUTION SUMMARY		
		(a) County Adjustment	(b) School Adjustment	(c) Municipal Adjustment	(a) Eligible Property Assessments	(b) R.E.A.P. Aid Credit	(c) R.E.A.P. Tax Rate Credit
Atlantic	\$ 48,477,341,557		\$ 104,525				
Bergen	169,321,616,188						
Burlington	47,999,414,387		96,029				
Camden	39,542,960,667		356,451				
Cape May	49,187,039,281		6,767				
Cumberland	9,179,242,198		24,531				
Essex	87,075,667,974		1,272,352				
Gloucester	27,393,283,904		104,228				
Hudson	56,900,580,070				\$1,010,947,015	\$2,076,341	
Hunterdon	21,841,222,735						
Mercer	44,132,615,466		41,904				
Middlesex	101,544,140,489						
Monmouth	116,553,987,825						
Morris	94,583,283,119		438,593				
Ocean	99,905,810,500		8,838				
Passaic	49,711,374,194						
Salem	5,462,571,463		21,557	\$16,477			
Somerset	59,713,655,194		51,736				
Sussex	18,944,312,677		141,769				
Union	68,012,624,864						
Warren	11,996,470,410						
<b>TOTALS</b>	<b>\$1,227,479,215,163</b>		<b>\$2,669,280</b>	<b>\$16,477</b>	<b>\$1,010,947,015</b>	<b>\$2,076,341</b>	

## 2012 Assessed Value of Partial Exemptions and Abatements (Summary Addendum to Abstract of Ratables)

COUNTY	Pollution Control	Fire Suppression	Fallout Shelter	Water/		Renewable Energy	UEZ Abatement	Home Improvement	Multi-Family Dwelling	Class 4 Abatement
				Sewage Facility	Abatement					
Atlantic	-	-	-	-	-	-	-	-	-	-
Bergen	-	\$ 2,509,645	-	-	-	-	-	-	-	-
Burlington	\$ 1,500,000	6,257,000	\$ 2,500	-	-	-	\$ 1,989,100	-	-	-
Camden	-	968,400	-	-	-	-	2,875,160	-	-	-
Cape May	-	-	-	-	-	-	-	-	-	-
Cumberland	2,497,300	-	-	-	-	-	7,541,800	-	-	-
Essex	458,000	816,700	-	-	\$187,005,300	-	-	-	-	-
Gloucester	2,311,700	-	-	-	-	-	-	-	-	-
Hudson	10,000	-	-	\$2,500,000	-	-	-	-	\$4,317,000	-
Hunterdon	-	-	-	-	-	-	-	-	-	-
Mercer	-	8,414,500	-	-	-	-	37,821,100	-	-	-
Middlesex	9,785,100	40,404,100	-	-	-	-	-	-	-	-
Monmouth	-	1,820,200	-	2,102,400	-	-	-	-	-	-
Morris	198,400	6,411,200	-	151,300	-	-	-	-	-	-
Ocean	48,600	425,200	-	-	14,500	-	-	-	-	-
Passaic	-	499,600	-	-	-	-	-	-	-	-
Salem	-	-	-	-	-	-	-	-	-	-
Somerset	-	1,516,000	-	-	-	-	-	-	-	-
Sussex	-	-	-	-	-	-	-	-	-	-
Union	-	130,500	-	-	-	-	8,083,700	-	-	-
Warren	10,605,000	15,200	-	-	-	-	-	-	-	-
<b>TOTALS</b>	\$27,414,100	\$70,188,245	\$2,500	\$4,753,700	\$187,019,800	\$58,310,860	-	-	\$4,317,000	-

## 2012 Assessed Value of Partial Exemptions and Abatements (continued)

(Summary Addendum to Abstract of Ratables)

COUNTY	Dwelling Abatement	Dwelling Exemption	New Dwelling/ Conversion Abatement	New Dwelling/ Conversion Exemption	Multiple Dwelling/ Abatement	Multiple Dwelling/ Exemption	Commercial/ Industrial Exemption	Total Assessed Value (Col. 3 of Abstract)
Atlantic	\$ 30,000	\$ 4,813,300	\$ 2,143,300	\$ 7,639,800	—	—	\$ 7,773,500	\$ 22,399,900
Bergen	—	3,258,800	—	—	—	—	200,000	5,968,445
Burlington	4,750,800	10,589,560	—	—	—	\$13,500,000	—	38,588,960
Camden	4,043,100	20,942,700	—	—	—	—	18,666,200	47,495,560
Cape May	—	—	—	—	—	—	—	—
Cumberland	—	1,996,400	—	—	—	—	5,354,500	17,390,000
Essex	—	7,139,600	484,800	2,006,600	\$14,112,300	—	1,417,800	213,441,100
Gloucester	—	5,859,680	—	—	—	3,901,800	—	12,073,180
Hudson	10,165,700	15,332,705	37,120,039	—	3,261,900	234,800	31,386,600	104,328,744
Hunterdon	538,300	—	—	—	—	—	7,546,700	8,085,000
Mercer	—	3,299,400	—	—	—	—	72,500	49,607,500
Middlesex	3,601,500	15,858,700	—	—	—	—	4,945,500	74,594,900
Monmouth	2,029,100	5,762,200	—	4,055,500	—	—	18,506,100	34,275,500
Morris	—	80,600	—	—	—	—	—	6,841,500
Ocean	—	566,400	—	—	—	—	25,000	1,079,700
Passaic	2,518,300	—	—	—	—	—	—	3,017,900
Salem	—	—	—	—	—	—	—	—
Somerset	2,684,300	2,487,900	—	—	—	—	612,800	7,301,000
Sussex	—	—	—	—	—	—	—	—
Union	—	—	—	—	—	—	—	8,214,200
Warren	—	—	—	—	—	—	1,919,800	12,540,000
<b>TOTALS</b>	\$30,361,100	\$97,987,945	\$39,748,139	\$13,701,900	\$17,374,200	\$17,636,600	\$98,427,000	\$667,243,089

# Summary of 2012 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 1

## DISPOSITIONS

COUNTY	Assessment Revised	Assessment Affirmed	Stipulated	Freeze Act	Dismissed With Prejudice	Dismissed Without Prejudice	Withdrawn	Property Tax Deduction Granted	Property Tax Deduction Denied	Farmland Assessment Granted
Atlantic	2,097	216	8,312	0	742	537	214	6	0	3
Bergen	2,778	909	4,728	1	831	2,331	555	2	0	0
Burlington	701	194	3,272	0	305	270	277	4	2	0
Camden	725	509	1,811	0	389	81	459	37	3	0
Cape May	339	84	2,161	0	123	9	76	4	1	2
Cumberland	19	9	378	0	7	10	106	51	0	1
Essex	557	806	5,229	0	828	2,287	636	26	10	0
Gloucester	569	334	1,641	0	240	37	293	5	0	12
Hudson	577	79	4,605	0	364	991	962	0	1	0
Hunterdon	61	17	422	0	49	33	69	0	0	0
Mercer	176	158	1,571	0	380	214	246	0	0	0
Middlesex	525	489	2,994	0	688	906	983	4	0	0
Monmouth	843	812	4,447	0	683	682	492	14	0	3
Morris	181	674	1,657	0	530	212	689	0	0	0
Ocean	1,208	305	11,345	2	860	285	426	49	2	0
Passaic	6,249	885	1,635	3	605	1,638	274	1	1	0
Salem	33	28	208	0	23	4	76	0	0	0
Somerset	75	104	864	0	133	122	151	2	1	0
Sussex	197	306	957	0	132	67	268	1	0	6
Union	313	471	2,373	0	559	1,107	734	0	0	0
Warren	24	91	364	0	64	413	34	0	0	0
<b>TOTALS</b>	<b>18,247</b>	<b>7,480</b>	<b>60,974</b>	<b>6</b>	<b>8,535</b>	<b>12,236</b>	<b>8,020</b>	<b>206</b>	<b>21</b>	<b>27</b>

## Summary of 2012 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

COUNTY	Col. 1		Col. 2		Col. 3				
	Farmland Assessment Denied	Classification	R.E.A.P. Credit	Other	Total Number of Appeals	CLASSIFICATION			
						Class 1 Vacant Land	Class 2 Residential	Class 3A Farm Regular	Class 3B Farm Qualified
Atlantic	0	2	0	0	12,129	627	10,891	3	1
Bergen	0	0	0	41	12,176	301	10,522	0	0
Burlington	3	1	0	0	5,029	369	4,226	51	4
Camden	0	12	0	2	4,028	189	3,389	12	2
Cape May	1	1	0	0	2,801	139	2,546	2	0
Cumberland	0	0	0	0	581	29	485	14	1
Essex	0	0	0	48	10,427	479	8,070	0	0
Gloucester	0	3	0	0	3,134	331	2,471	36	16
Hudson	0	11	0	0	7,590	282	5,635	0	0
Hunterdon	0	1	0	1	653	56	522	20	2
Mercer	0	2	0	2	2,749	59	2,493	4	6
Middlesex	0	1	0	0	6,590	328	5,529	2	0
Monmouth	1	1	0	10	7,988	351	7,106	16	1
Morris	0	0	0	0	3,943	262	3,369	7	4
Ocean	3	12	0	0	14,497	1,151	12,875	6	1
Passaic	0	1	0	94	11,386	363	9,494	13	0
Salem	0	0	0	0	372	52	278	10	1
Somerset	0	6	0	1	1,459	55	1,195	5	0
Sussex	0	1	0	4	1,939	117	1,664	29	9
Union	0	1	0	0	5,558	137	4,390	0	0
Warren	0	1	0	28	1,019	265	676	17	2
<b>TOTALS</b>	<b>8</b>	<b>57</b>	<b>0</b>	<b>231</b>	<b>116,048</b>	<b>5,942</b>	<b>97,826</b>	<b>247</b>	<b>50</b>

# Summary of 2012 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 3

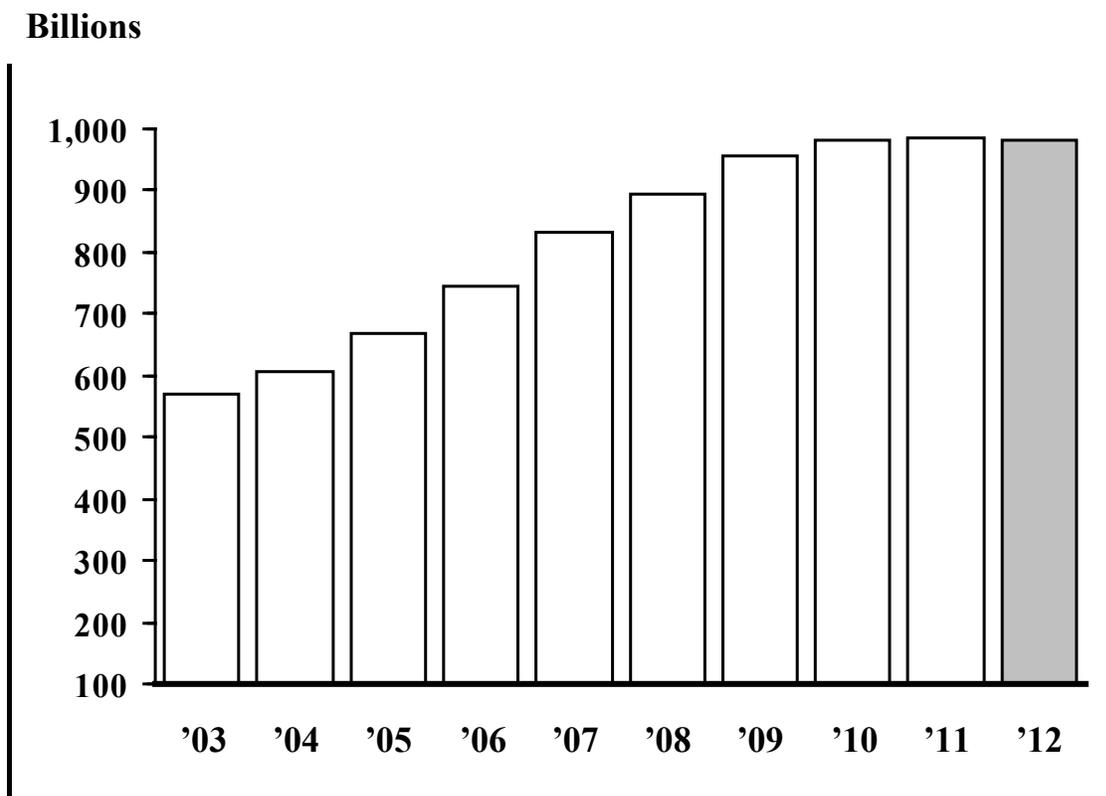
Col. 4

COUNTY	CLASSIFICATION			FILING FEE					Class \$25
	Class 4 Commercial Industrial Apartment	Other	Total Number of Appeals by Class	\$5	\$25	\$100	\$150		
Atlantic Bergen	590 1,338	17 15	12,129 12,176	2,845 183	7,281 6,125	1,405 4,134	469 1,212	0 0	
Burlington	356	23	5,029	573	3,046	612	140	8	
Camden	433	3	4,028	985	2,509	328	48	59	
Cape May	114	0	2,801	97	1,279	925	470	4	
Cumberland	50	2	581	263	222	19	6	3	
Essex	1,859	19	10,427	913	7,106	1,853	412	0	
Gloucester	274	6	3,134	658	2,168	127	65	0	
Hudson	1,658	15	7,590	3,623	3,483	382	66	0	
Hunterdon	51	2	653	29	33	332	220	37	
Mercer	187	0	2,749	1,138	959	443	102	20	
Middlesex	725	6	6,590	2,629	3,420	408	44	1	
Monmouth	505	9	7,988	275	2,581	1,216	349	0	
Morris	287	14	3,943	181	1,926	1,439	245	4	
Ocean	458	6	14,497	2,445	8,814	2,292	468	309	
Passaic	1,506	10	11,386	901	9,137	1,114	112	0	
Salem	30	1	372	136	196	25	4	4	
Somerset	202	2	1,459	58	879	317	124	0	
Sussex	115	5	1,939	322	1,255	255	19	5	
Union	1,026	5	5,558	2,699	2,475	331	36	2	
Warren	58	1	1,019	402	524	62	13	0	
<b>TOTALS</b>	<b>11,822</b>	<b>161</b>	<b>116,048</b>	<b>21,355</b>	<b>65,418</b>	<b>18,019</b>	<b>4,624</b>	<b>456</b>	

## Summary of 2012 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

COUNTY	Col. 4		Col. 5		Col. 6		Col. 7		Col. 8	
	Other \$25	No Fee	Total	Original Amount of Assessed Valuation Appealed	Total Amount of Assessed Valuation Reduction	Total Amount of Assessed Valuation Increase	Adjusted Net Assessments (Col. 5 - 6 + 7)			
ASSESSSED VALUATION AMOUNTS										
FILING FEE										
Atlantic	11	118	12,129	\$ 4,392,861,000	\$ 776,555,165	\$ 956,400	\$ 3,617,262,235			
Bergen	0	522	12,176	8,267,864,579	538,479,100	318,200	7,729,703,679			
Burlington	6	644	5,029	1,978,651,020	222,068,643	2,444,109	1,759,026,486			
Camden	3	96	4,028	1,148,095,190	114,848,600	1,075,800	1,034,322,390			
Cape May	0	26	2,801	1,899,464,020	274,597,970	492,900	1,625,358,950			
Cumberland	0	68	581	112,544,000	16,521,000	301,100	96,324,100			
Essex	0	143	10,427	4,417,580,025	329,920,460	2,811,782	4,090,471,347			
Gloucester	4	112	3,134	931,817,500	81,686,700	216,700	850,347,500			
Hudson	8	28	7,590	1,595,956,707	169,923,805	28,109	1,426,061,011			
Hunterdon	2	0	653	371,851,974	27,725,100	5,753,570	349,880,444			
Mercer	0	87	2,749	958,528,083	81,642,450	2,351,300	879,236,933			
Middlesex	0	88	6,590	1,623,768,000	141,499,245	490,500	1,482,759,255			
Monmouth	3,448	119	7,988	4,423,120,488	384,280,117	363,200	4,039,203,571			
Morris	1	147	3,943	2,218,743,299	151,251,260	5,403,259	2,072,895,298			
Ocean	0	169	14,497	5,522,501,600	665,982,820	438,200	4,856,956,980			
Passaic	0	122	11,386	4,121,244,319	470,885,590	8,459,310	3,658,818,039			
Salem	0	7	372	102,897,400	14,451,870	382,000	88,827,530			
Somerset	0	81	1,459	879,124,170	61,738,160	398,500	817,784,510			
Sussex	0	83	1,939	649,085,580	62,439,422	1,859,800	588,505,958			
Union	0	15	5,558	1,172,978,900	88,412,000	245,500	1,084,812,400			
Warren	0	18	1,019	285,857,618	22,057,087	216,800	264,017,331			
<b>TOTALS</b>	<b>3,483</b>	<b>2,693</b>	<b>116,048</b>	<b>\$47,074,535,472</b>	<b>\$4,696,966,564</b>	<b>\$35,007,039</b>	<b>\$42,412,575,947</b>			

## Total Taxable Value Land and Improvements in New Jersey 2003 – 2012



### 2012 County Values

Atlantic	\$ 46,239,812,245	Middlesex	\$ 47,953,623,054
Bergen	156,263,003,674	Monmouth	103,607,447,720
Burlington	42,568,835,840	Morris	78,397,618,540
Camden	32,096,518,840	Ocean	95,094,893,296
Cape May	49,878,864,800	Passaic	36,054,384,376
Cumberland	6,540,141,600	Salem	5,318,277,386
Essex	77,389,058,250	Somerset	54,915,898,883
Gloucester	21,955,481,390	Sussex	16,849,720,841
Hudson	22,163,501,868	Union	23,608,380,816
Hunterdon	20,144,099,835	Warren	10,790,985,484
Mercer	34,913,383,778	<b>Total</b>	<b>\$982,743,932,516</b>

**Taxes Administered by the Public Utility Tax Section for 2013 (Calendar Year Due)**  
**Public Utility Taxes (Excise, Franchise, and Gross Receipts Taxes),**  
**Transitional Energy Facility Assessment (TEFA), and**  
**Uniform Transitional Utility Assessment (UTUA)**

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

**PUBLIC UTILITY TAXES**

Classification	No. of Companies	Excise Taxes	Franchise Taxes	Gross Receipts Taxes	TEFA	UTUA (CBT)	UTUA (S&U-EN)
Sewer Companies.....	15	\$ 632,274	\$ 1,877,219	\$ 3,186,555	NA	NA	NA
Water Companies .....	31	14,798,331	42,397,971	67,214,267	NA	NA	NA
Energy Companies .....	16	NA	NA	NA	\$108,055,324	\$33,907,211	\$371,212,657
Telephone Companies .....	3	NA	NA	NA	NA	1,501,756	NA
Totals .....	65	\$15,430,605	\$44,275,190	\$70,400,822	\$108,055,324	\$35,408,967	\$371,212,657

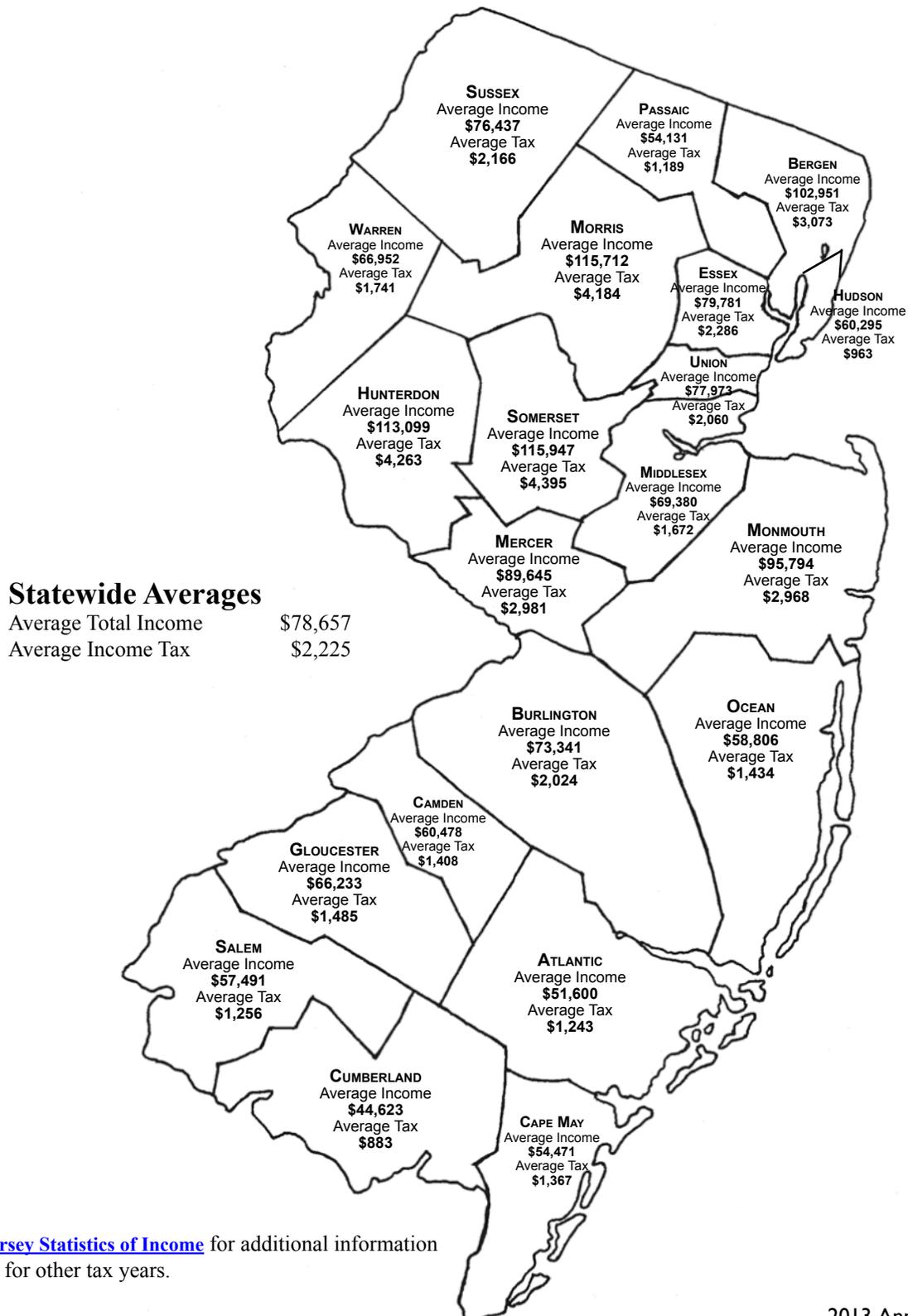
**Total Net Tax Assessed.....\$644,783,565**

## Individual Income Tax Returns County Profile 2011\*

County	No. of Returns	NJ Taxable Income	Net Charged Tax
Atlantic	127,326	\$ 5,570,741,361	\$ 158,324,181
Bergen	417,620	38,934,554,657	1,283,167,038
Burlington	199,007	12,704,734,552	402,828,827
Camden	224,702	11,755,368,151	316,390,110
Cape May	44,998	2,042,503,575	61,513,593
Cumberland	64,669	2,440,484,823	57,119,997
Essex	334,858	24,206,126,801	765,610,126
Gloucester	125,018	7,142,796,133	185,643,400
Hudson	289,116	15,979,440,422	278,331,849
Hunterdon	58,649	5,950,427,219	250,044,386
Mercer	158,385	12,762,470,931	472,121,458
Middlesex	366,905	22,332,428,857	613,524,332
Monmouth	287,954	24,639,271,472	854,706,939
Morris	228,551	23,917,799,396	956,340,613
Ocean	251,005	12,163,596,930	359,906,067
Passaic	230,254	10,730,834,949	273,823,046
Salem	28,548	1,402,402,385	35,868,925
Somerset	149,980	15,830,845,820	659,137,447
Sussex	67,536	4,479,028,438	146,268,098
Union	244,957	17,051,234,330	504,650,951
Warren	48,664	2,790,250,113	84,711,426
County Unknown	15,494	2,117,995,265	100,206,626
<b>Totals</b>	<b>3,964,196</b>	<b>\$276,945,336,578</b>	<b>\$8,820,239,433</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 2011\*



\*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 2010–2012**  
(Dollar Amounts in Thousands)

Business Type	Number of Vendors		Total Collections		% Change		
	2010	2011	2010	2011	2010–2011	2011–2012	
<b>Exempt Organizations</b>	758	782	\$ 6,266	\$ 7,833	\$ 8,155	25.0%	4.1%
<b>Manufacturing</b>	23,378	25,151	492,984	555,623	565,098	12.7	1.7
<b>Service</b>	90,933	92,449	2,173,417	2,284,614	2,269,889	5.1	-0.6
<b>Wholesale</b>	11,471	11,917	324,262	382,916	381,704	18.1	-0.3
<b>Construction</b>	18,659	18,916	153,598	185,053	187,388	20.5	1.3
<b>Retail</b>	70,797	70,657	3,920,930	4,175,619	4,251,709	6.5	1.8
<b>Government</b>	30	30	1,429	1,070	4,624	-25.1	N/A
<b>Not Classified</b>	9,247	8,509	125,516	126,317	124,423	0.6	-1.5
<b>Totals</b>	<b>225,273</b>	<b>228,411</b>	<b>\$7,198,402</b>	<b>\$7,719,045</b>	<b>\$7,792,988</b>	<b>7.2%</b>	<b>1.0%</b>

# Contact Information

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## Online

[www.state.nj.us/treasury/taxation/](http://www.state.nj.us/treasury/taxation/)

## Email

[nj.taxation@treas.state.nj.us](mailto:nj.taxation@treas.state.nj.us)

## WebFile

[www.state.nj.us/treasury/taxation/pcfile/njwebfile.shtml](http://www.state.nj.us/treasury/taxation/pcfile/njwebfile.shtml)

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## By Phone

Customer Service Center — 609-292-6400

Automated Tax Information — 1-800-323-4400  
609-826-4400

Homestead Benefit Hotline — 1-800-238-1233

NJ Business Taxes Telefile — 1-877-829-2866

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## In Writing

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Trenton, NJ 08695-0269

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Newark, NJ 07101

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Trenton, NJ 08695

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The *New Jersey State Tax News* is published on the Division of Taxation's website at: [www.state.nj.us/treasury/taxation/publnews.shtml](http://www.state.nj.us/treasury/taxation/publnews.shtml)

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