# 2014 Annual Report

State of New Jersey
Department of the Treasury
Division of Taxation

September 2016

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, 2014.

The Division is committed to providing taxpayers with the information and assistance they need to meet their tax obligations. We understand that our continued success is contingent upon our commitment to delivering a high standard of taxpayer service. One of the most serious threats to our taxpayers is identity theft, and we are working tirelessly to help identify and prevent this growing problem. During Fiscal Year 2014, we introduced a new form, the Identity Theft Declaration, Form IDT-100, which is used to assist taxpayers who suspect that their identity has been used fraudulently or who believe they are at risk due to a lost or stolen wallet or questionable credit card activity or credit report. We've also taken steps to ensure that email transactions between Division employees and the taxpayers of New Jersey are not compromising the security of our taxpayers' confidential information.

I am proud of our dedicated team and the work we do each day to help taxpayers with the information and assistance they need to meet their tax obligations. This report provides an overview of the Division's operations, and it details some of our accomplishments, which reflect the hard work and continued commitment of our dedicated employees.

Respectfully submitted,

John J. Ficara
Acting Director

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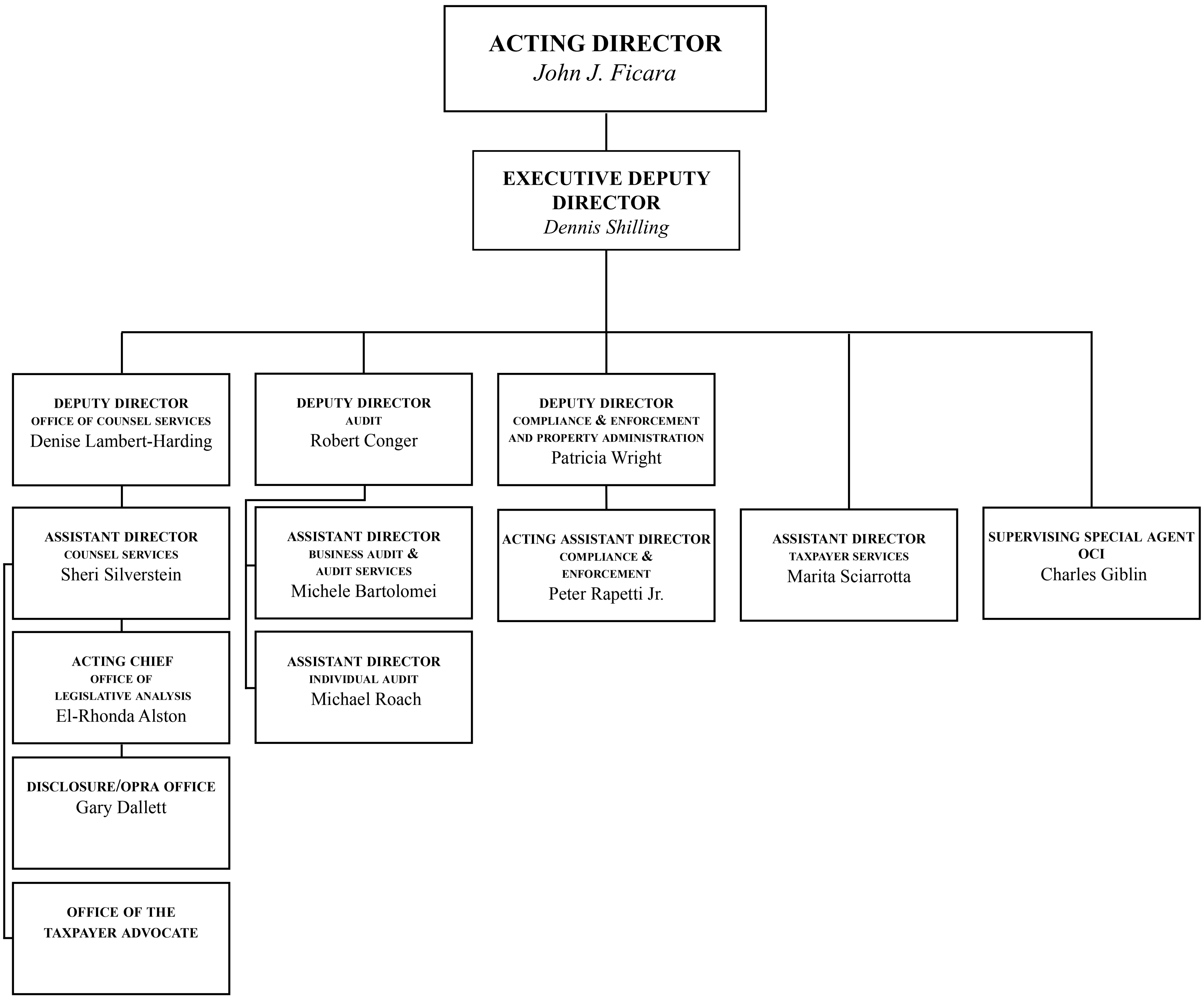
# New Jersey Division of Taxation

# ORGANIZATION AND ACTIVITIES

# DIVISION OF TAXATION ORGANIZATION

**(CURRENT AS OF 10/1/16)**



# 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 and Use 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 service groups are responsible for examining taxpayers' records in order to issue Tax Lien Certificates, Tax Clearance Certificates for Domestic Dissolutions, Reinstatements, and Foreign Reauthorizations. 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 seven 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, when 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 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 that 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, which includes: providing data for fraud detection through the 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 the 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.

# 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 that handles thousands of calls each day. Customers speak to 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.

The ***Legislative Hotline*** assists New Jersey legislators seeking to resolve constituents' problems relating to the property tax relief programs administered by the Division.

***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.

***Technology Solutions*** provides direct support for the Customer Services Center and maintains Customer Services' servers and several technology platforms. Among its many duties, the unit is responsible for maintaining the following services:

***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 that 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 that 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.

## Taxpayer Accounting

The Taxpayer Accounting Branch assists taxpayers by resolving discrepancies found on their individual income tax returns and their applications for 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 is also 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 employs a Correspondence Tracking System (CTS) that allows correspondence to be processed and tracked electronically using imaging technology. Taxpayer Accounting is responsible for redepositing refund checks for income tax and partnership tax and checks for property tax relief program benefits that are returned to the Division. 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 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, including bills for tiered partnerships, with letters of explanation.

The ***TGI Eligibility Unit*** reviews tax returns that may have been filed fraudulently, with an emphasis on returns claiming a 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/Credit, and Property Tax Reimbursement Programs. The unit reviews pending homestead benefit claims, property tax deduction/credit 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.

***Regional Information Centers*** in seven of the Division's satellite offices 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 ***Support Unit*** processes incoming mail for the Branch and redeposits returned checks.

## Technical Information

The Technical Information Branch produces informational publications and tax return instructions; responds to taxpayer correspondence; and provides information to the public 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.

The ***Plain Language Unit*** is responsible for reviewing the Division's written communications with the public and many web pages 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 phone calls, correspondence, filing of certificates of debt, license suppression, levies, wage garnishment, and other enforcement actions. This Branch also provides services for the taxpaying public, sections of the Division of Taxation, and other State agencies such as the Motor Vehicle Commission, Division of Consumer Affairs, Department of Environmental Protection, the Lottery Commission, and the Department of Law and Public Safety. 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 New Jersey Retail Liquor License to ensure tax compliance. Based on the unit's annual findings and in coordination with the Division of Alcoholic Beverage Control, issues Tax Clearance Certificates to the municipalities for compliant licensees as part of the annual renewal of Retail Alcoholic Beverage Licenses.

***Attorney General Referral Unit*** coordinates the referral of taxpayers (business entity or individual) to the Office of the Attorney General for additional collection actions. Such actions may include domesticating the Division of Taxation's lien in another state where assets of the debtor may have been located and/or instituting wage garnishment proceedings.

***Bankruptcy 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, including liquor license holders, that disposes of all or part of its business assets 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. When all conditions are satisfied, a Tax Clearance Certificate is issued.

***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.

***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 Sales Tax exemption. Taxpayers are notified when there is an underpayment of tax, and collection procedures are pursued as necessary.

***Contract Liaison Unit*** provides quality assurance to outside vendors that 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.

***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. The unit ensures compliance through the timely receipt of installment payments and monitors taxpayers for compliance with current returns and obligations.

***Identity Theft Unit*** reviews all potential identity theft reports submitted to the Division of Taxation, determines whether 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.

***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. This unit also focuses on the collection of debt for personal income tax filers.

***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.

***Project Enforcement Team (PET)*** deals with a large variety of topics and investigations relating to both business and personal tax matters. The unit is a multifaceted group of investigators and support staff who are cross-trained in the various State taxes. They perform reviews, analysis, and make determinations as to the validity of the information filed. The team manages identity theft, partnership fees and taxes, and Taxation Data Warehouse projects that include nonfilers of both personal income tax and Corporation Business Tax.

***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.

## 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 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.

***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.

***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 levy, seizure, and sale at public auction.*** Field Investigators, in coordination with the Office of Criminal Investigation (OCI), may also refer chronic offenders who fail to file and/or pay tax to the OCI Municipal Court Program for prosecution. A guilty finding or plea will result in an order by the judge to make restitution in addition to the assessment of court fines, costs, and a term of probation or jail.

***Revenue Opportunity Units*** seek out noncompliant taxpayers with various initiatives to ensure that voluntary compliance within the taxing statutes is achieved. These units 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 Motor Vehicle Commission, 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 auto 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.

# 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 and serve on the Continuing Education Eligibility Board awarding credit for classes relevant to the recertification process for assessors. They 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, one 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 during appeals.

*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 Unit* values real property for Transfer Inheritance Tax purposes to assist the Transfer Inheritance and Estate Taxes Branch; maintains the Real Property Appraisal Manual for New Jersey Assessors; conducts special appraisal studies and investigations as required to meet unusual or unique circumstances; reviews, classifies, assesses, and taxes railroad properties; assesses and computes Railroad Franchise Tax; and determines railroad replacement revenues for municipalities in which railroad property is located.

*In-House Training Unit* prepares and presents instructional materials concerning Local Property Tax matters for the new trainees and for current staff when statutory or policy and practice changes occur. The unit also develops and maintains the Handbook for County Boards of Taxation and MOD IV Manual.

# DEPUTY DIRECTOR OF OPERATIONS

The Deputy Director of Operations 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 Deputy Director of Operations 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 Division 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. Records Management is also responsible for managing taxpayer requests for copies of personal and business tax returns. The unit also provides document scanning services for various Taxation units.

***Property and Forms.*** The unit manages and maintains the Division's warehouse, which includes office supplies, bulk forms, and surplus property/equipment.

***Mail Services/Print Processing.*** Responsible for the pickup, sorting, recording, and delivery of mail for the Division, including field offices and other State agencies. The unit is also responsible for printing, processing, and mailing various taxpayer notices.

***Forms Distribution.*** Responsible for mailing forms and publications in response to taxpayer requests and also bulk mailing and/or copying of tax-related documents for special projects generated by 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 litigation involving most State taxes, as well as property tax rebate programs.

The Review Section within each particular tax track evaluates all incoming 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, when appropriate, a "Finding of Responsible Person" will be issued. The Review Section 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 wish to dispute a tax determination. The conferees perform a fair and efficient administrative review in order to reach a resolution of all tax matters before them. At the end of the conference process, the conferee issues a Final Determination on tax assessments, refund denials, and miscellaneous or nonmonetary issues.

A taxpayer may appeal a Final Determinations 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 drafting, finalizing, and cataloging all Memoranda of Understanding (MOU) or Agreement (MOA) to which the Division is a party.

OLAD is responsible for reviewing all tax bills introduced in the Legislature. It evaluates the potential administrative, fiscal, and policy implications of proposals that 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 coordinating Division resources to research and draft bill comments, schedule and facilitate Commission meetings, and issue 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 the few 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 that 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), Letter Rulings, 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 responsible for coordinating the drafting of all Division administrative rules and notices. The Branch administers the GIT/REP waiver program that addresses the two percent withholding required for nonresidents selling or transferring property in New Jersey and other real property transfer issues.

***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 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 challenges that increase the burden on, or create problems for taxpayers. When appropriate, the OTA will recommend administrative or legislative changes to resolve, alleviate, and/or mitigate identified issues.

# 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 Department of the Treasury.

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 "Stolen Identity Refund Fraud" task force, consisting of OCI special agents and detectives from the New Jersey State Police Cyber Crimes Unit.

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. It reviews 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 New Jersey Police Training Commission instructors at many police training academies across the State in a wide variety of subjects and faculty members at a number of advanced law enforcement schools.

# TAXES AND PROGRAMS ADMINISTERED

# Table 1—Major State Revenue Collections (Net) Fiscal Years 2012–2014

| Revenue Source[1] | 2014[2] | % of Total | 2013 | % of Total | 2012 | % of Total | % Change 2013–14 |
|---|---|---|---|---|---|---|---|
| **Collected by the Division:** | | | | | | | |
| Admissions Surcharge | $ 13,518 | 0.0% | $ 0 | 0.0% | $ 20,204 | 0.0% | 0.0% |
| Alcoholic Beverage Tax (total revenue) | 137,220,443 | 0.5 | 136,065,683 | 0.5 | 135,304,726 | 0.5 | 0.8 |
| Casino Revenue | 221,453,757 | 0.8 | 214,859,415 | 0.7 | 264,608,573 | 1.0 | 3.1 |
| Cigarette Tax (total revenue) | 712,575,662 | 2.4 | 731,863,307 | 2.5 | 771,124,681 | 2.9 | -2.6 |
| Controlling Interest Transfer Tax[3] | 8,029,679 | 0.0 | 4,873,663[4] | 0.0 | 9,753,041[4] | 0.0 | 64.8 |
| Corporation Taxes: | | | | | | | |
| Corporation Business[5] | 2,112,908,123 | 7.2 | 2,371,400,447 | 8.2 | 2,037,103,743 | 7.5 | -10.9 |
| CBT Banks & Financials | 185,979,732 | 0.6 | 164,215,968 | 0.6 | 106,378,294 | 0.4 | 13.3 |
| Cosmetic Medical Procedures Tax[6] | 4,127,963 | 0.0 | 7,744,623 | 0.0 | 11,015,680 | 0.0 | -46.7 |
| Domestic Security Fee | 37,568,282 | 0.1 | 29,948,681 | 0.1 | 32,191,180 | 0.1 | 25.4 |
| Environmental Taxes: | | | | | | | |
| Landfill Closure and Contingency | 1,883,736 | 0.0 | 2,047,797 | 0.0 | 1,718,714 | 0.0 | -8.0 |
| Litter Control | 20,282,497 | 0.1 | 19,555,401 | 0.1 | 18,616,945 | 0.1 | 3.7 |
| Public Community Water Systems | 2,645,515 | 0.0 | 2,595,397 | 0.0 | 2,822,735 | 0.0 | 1.9 |
| Recycling | 23,913,898 | 0.1 | 28,824,347 | 0.1 | 24,312,987 | 0.1 | -17.0 |
| Spill Compensation | 21,450,839 | 0.1 | 19,558,788 | 0.1 | 28,043,560 | 0.1 | 9.7 |
| Gross Income Tax | 12,311,695,518 | 42.1 | 12,108,615,149 | 42.0 | 11,128,418,349 | 41.2 | 1.7 |
| Hotel/Motel Occupancy Fee/Tax | 86,975,867 | 0.3 | 92,179,102 | 0.3 | 85,182,162 | 0.3 | -5.6 |
| Insurance Premiums Tax | 584,714,651 | 2.0 | 568,484,471 | 2.0 | 532,306,762 | 2.0 | 2.9 |
| Miscellaneous Revenues | 15,614,070 | 0.1 | 10,335,181 | 0.0 | 10,511,384 | 0.0 | 51.1 |
| Mobile Telecommunications (9-1-1) Fee | 121,668,016 | 0.4 | 122,792,835 | 0.4 | 124,939,069 | 0.5 | -0.9 |
| Motor Fuel Tax | 530,386,983 | 1.8 | 524,557,104 | 1.8 | 539,714,372 | 2.0 | 1.1 |
| Motor Vehicle Tire Fee | 9,640,758 | 0.0 | 8,958,321 | 0.0 | 8,730,627 | 0.0 | 7.6 |
| Nursing Home Assessment (tot. rev.) | 126,574,691 | 0.4 | 131,035,831 | 0.5 | 123,504,835 | 0.5 | -3.4 |
| Petroleum Products Tax | 216,818,207 | 0.7 | 206,481,383 | 0.7 | 223,252,752 | 0.8 | 5.0 |
| Public Utility Excise Tax | 15,042,957 | 0.1 | 15,431,795 | 0.1 | 14,372,712 | 0.1 | -2.5 |
| Railroad Franchise Tax | 9,949,392 | 0.0 | 6,796,651 | 0.0 | 7,093,932 | 0.0 | 46.4 |
| Railroad Property Tax | 4,581,875 | 0.0 | 4,619,912 | 0.0 | 5,650,975 | 0.0 | -0.8 |
| Sales Taxes: | | | | | | | |
| Sales and Use[5] | 8,849,369,361 | 30.3 | 8,454,788,087 | 29.3 | 8,099,548,866 | 30.0 | 4.7 |
| Atlantic City Lux & Promo (Loc. Use) | 35,910,556 | 0.1 | 34,781,186 | 0.1 | 33,336,623 | 0.1 | 3.2 |
| Tobacco Products Wholesale | 21,878,472 | 0.1 | 21,698,854 | 0.1 | 20,941,068 | 0.1 | 0.8 |
| Cape May County Tourism (Loc. Use) | 5,780,641 | 0.0 | 5,359,418 | 0.0 | 5,550,181 | 0.0 | 7.9 |
| Sports and Entertainment Facility Tax[3] | 37,024 | 0.0 | 32,267 | 0.0 | 45,670 | 0.0 | 14.7 |
| Transfer Inheritance and Estate Taxes | 687,436,282 | 2.4 | 623,839,887 | 2.2 | 641,867,808 | 2.4 | 10.2 |
| Revenue Collected by the Division | $27,124,128,965 | 92.8% | $26,674,340,951 | 92.5% | $25,047,983,210 | 92.7% | 1.7% |
| **Collected Outside the Division:** | | | | | | | |
| State Athletic Control Board (tot. rev.) | $ 769,311 | 0.0% | $ 884,604 | 0.0% | $ 801,655 | 0.0% | -13.0% |
| Casino Control | 53,933,724 | 0.2 | 55,602,066 | 0.2 | 51,408,014 | 0.2 | -3.0 |
| Lottery | 965,010,000 | 3.3 | 1,085,009,581 | 3.8 | 950,082,267 | 3.5 | -11.1 |
| Motor Vehicle Fees (total revenue) | 679,303,262 | 2.3 | 668,939,880 | 2.3 | 658,290,981 | 2.4 | 1.5 |
| Outdoor Advertising (total revenue) | 1,598,513 | 0.0 | 1,712,500 | 0.0 | 1,660,970 | 0.0 | -6.7 |
| Realty Transfer (total revenue) | 405,639,227 | 1.4 | 343,187,536 | 1.2 | 316,112,843 | 1.2 | 18.2 |
| Revenue Collected Outside the Division | $ 2,106,254,037 | 7.2% | $ 2,155,336,167 | 7.5% | $ 1,978,356,730 | 7.3% | -2.3% |
| **Total Major State Revenue Collections** | **$29,230,383,002** | **100.0%** | **$28,829,677,118** | **100.0%** | **$27,026,339,940** | **100.0%** | **1.4%** |

1 Figures are from the Comprehensive Annual Financial Report unless otherwise indicated.
2 The 2014 figures are subject to adjustment.
3 New Jersey Division of Taxation Records.
4 Figures in 2013 and 2012 Annual Reports included Realty Transfer Fee.
5 Includes the on-budget amount of energy tax for sales tax and CBT.
6 Imposed effective September 1, 2004. Rate reduced to 4% on July 1, 2012, and to 2% on July 1, 2013. No tax imposed as of July 1, 2014.

Note: Some entries for prior years may be revised from earlier versions.
**Totals may not add due to independent rounding.**

# Statutory Responsibilities

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

| Tax | N.J.S.A. Citation |
|---|---|
| Admissions Surcharge | 40:48G-1 *et seq.* |
| Alcoholic Beverage Tax | 54:41-1 *et seq.* |
| Atlantic City Casino Taxes and Fees | 5:12-148.1 to 5:12-148.3<br>5:12-148.8<br>5:12-173.2 |
| Atlantic City Luxury Sales Tax | 40:48-8.15 *et seq.*<br>54:32B-24.1 *et seq.* |
| Atlantic City Tourism Promotion Fee | 40:48-8.45 *et seq.* |
| Cape May County Tourism Sales Tax | 40:54D-1 to 10 |
| Cigarette Tax | 54:40A-1 *et seq.*<br>56:7-18 *et seq.* |
| Controlling Interest Transfer Tax | 54:15C-1 |
| Corporation Business (Net Income and Net Worth) Tax | 54:10A-1 *et seq.* |
| CBT Banking Corporation | 54:10A-1 *et seq.* |
| CBT Financial Corporation | 54:10A-1 *et seq.* |
| Cosmetic Medical Procedures Gross Receipts Tax | 54:32E-1 *et seq.* |
| Domestic Security Fee | App.A:9-78 |
| Gross Income Tax | 54A:1-1 *et seq.* |
| Hotel/Motel Occupancy Fee and Municipal Occupancy Tax | 54:32D-1 *et seq.* |
| Insurance Premiums Tax | 54:16-1 *et seq.*<br>54:17-4 *et seq.*<br>54:18A-1 *et seq.* |
| Landfill Closure and Contingency Tax | 13:1E-100 *et seq.* |
| Litter Control Fee | 13:1E-213 *et seq.* |
| Local Property Tax | 54:4-1 *et seq.* |
| Motor Fuel Tax | 54:39-101 *et seq.* |
| Motor Vehicle Tire Fee | 54:32F-1 *et seq.* |
| 9-1-1 System and Emergency Response Assessment | 52:17C-17 *et seq.* |

| Tax | N.J.S.A. Citation |
|---|---|
| Nursing Home Assessment | 26:2H-92 *et seq.* |
| Petroleum Products Gross Receipts Tax | 54:15B-1 *et seq.* |
| Property Tax Relief Programs | 54:4-8.67 *et seq.* |
| Homestead Rebate | 54:4-8.57 *et seq.* |
| NJ SAVER Rebate | 54:4-8.58a and<br>54:4-8.58b |
| Property Tax Reimbursement | 54:4-8.67 *et seq.* |
| Public Community Water System Tax | 58:12A-1 *et seq.* |
| Public Utility Taxes: | |
| Public Utility Excise, Franchise, and Gross Receipts Taxes | 54:30A-49 *et seq.* |
| Railroad Franchise Tax | 54:29A-1 *et seq.* |
| Railroad Property Tax | 54:29A-1 *et seq.* |
| Realty Transfer Fee | 46:15-5 *et seq.* |
| Recycling Tax | 13:1E-96 *et seq.* |
| Sales and Use Tax | 54:32B-1 *et seq.* |
| Spill Compensation And Control Tax | 58:10-23.11 *et seq.* |
| Sports and Entertainment Facility Tax | 34:1B-193 *et seq.* |
| Tobacco Products Wholesale Sales and Use Tax | 54:40B-1 to 14 |
| Transfer Inheritance and Estate Taxes: | |
| Transfer Inheritance | 54:33-1 *et seq.* |
| Estate | 54:38-1 *et seq.* |
| Transitional Energy Facility Assessment | 54:30A-100 *et seq.* |
| Uniform Transitional Utility Assessment | 54:30A-114 *et seq.* |

# Admissions Surcharge

### Description

Municipalities are authorized under P.L. 2007, C. 302 (as amended by P.L. 2013, C. 84), 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 that 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 an amount up to 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

| *Type of Beverage* | *Rate per Gallon* |
|---|---|
| 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, imposed 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, provided for the gradual phase-out of the tax on the above casino “complimentaries” until the tax expired on June 30, 2009. It also transferred 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 no longer collected 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).

## 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 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.

## 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.

## 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 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.

## 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 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.

## 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.

# 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 that 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 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:

| *New Jersey Gross Receipts* | *Minimum Tax** |
|---|---|
| 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:

| *New Jersey Gross Receipts* | *Minimum Tax* |
|---|---|
| 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 8⁄10 mills per $1 to 2 mills per $1.

Chapter 63, Laws of 1958, amended the Corporation Business Tax Act by adding a tax at 1¾% based upon allocated net income to the tax based upon allocated net worth. The 1958 amendment also changed the tax year from a calendar year for all corporations to a privilege period coinciding with the accounting year for each taxpayer.

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

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

Net Income Tax rates have changed as follows:

| *Effective Date* | *Rate* |
|---|---|
| January 1, 1959 (C. 63, P.L. 1958) | 1¾% |
| January 1, 1967 (C. 134, P.L. 1966) | 3¼ |
| January 1, 1968 (C. 112, P.L. 1968) | 4¼ |
| January 1, 1972 (C. 25, P.L. 1972) | 5½ |
| January 1, 1975 (C. 162, P.L. 1975) | 7½ |
| January 1, 1980 (C. 280, P.L. 1980) | 9 |

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

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 utilities 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 of more than $100,000, and for S corporations with net income 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, 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 allows 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 for 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-factor (sales) formula and establishes a specialized sales fraction formula for airlines that are subject to taxation. This change was 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.

P.L. 2013, C. 98, prohibits the imposition of Corporation Business Tax on certain foreign corporations that carry passengers into the State in a motor vehicle or motorbus and return those passengers to a location outside the State.

P.L. 2013, C. 161, the New Jersey Economic Opportunity Act of 2013, merges five current incentive programs into two: the Grow New Jersey Assistance Program (GROW NJ) and the Economic Redevelopment and Growth Grant program (ERGG). GROW NJ is the State's job creation and retention incentive program that offers transferable tax credits. ERGG, which is the State's incentive program for developers, grants tax benefits based on annual incremental State and local taxes.

P.L. 2014, C. 13, revises the definition of operational income in response to the Tax Court's decision in *McKesson Water Products Co. v. Director, Div. of Taxation,* 200 N.J. 506 (N.J. 2009). Previously, operational income was defined as income from real or tangible property if the acquisition, management, *and* disposition of the property constitute integral parts of the taxpayer's trade or business operations. The Court held that all three factors must be satisfied in order for income to be deemed operational. Under the new law, income will meet the definition of operational income as long as any one of the three factors (acquisition, management, *or* disposition of the property) is an integral part of the taxpayer's regular trade or business operations. The new law also provides Corporation Business Tax parity with the Federal tax treatment of net operating losses (NOLs) when an entity receives discharge of indebtedness in certain circumstances.

## 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 years' 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.

P.L. 2014, C. 13, clarifies the circumstances in which the tax paid by a partnership on behalf of its nonresident partners may be refunded in response to the Tax Court decision in *BIS LP, Inc. v. Director, Div. of Taxation,* 2014 N.J. Tax (App. Div. Apr. 11, 2014).

## Banking and Financial Corporations

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

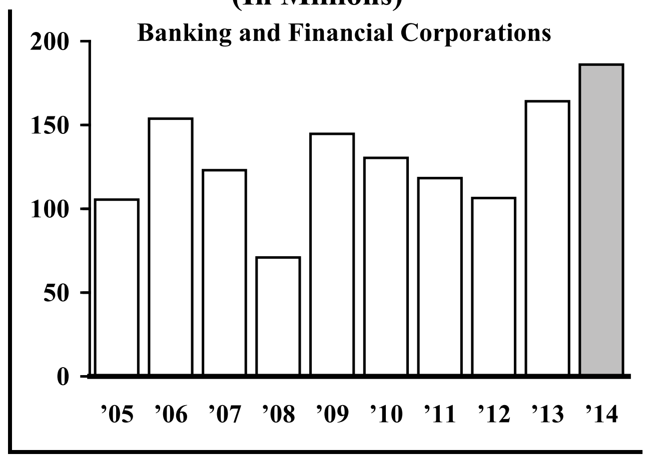
Chapter 170, P.L. 1975, provides that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes shall be the greater of (1) the amount that such banking corporation paid in calendar year 1975 as Bank Stock Tax, or (2) a sum equal to total of taxes paid 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 that 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 |
|---|---|
| 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 |
| 2013 | 164,215,968 |
| **2014** | **185,979,732** |

## 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 that, 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) 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 was imposed. For privilege periods beginning in calendar year 2012 and thereafter, regulated investment companies are subject to the same minimum tax on gross receipts as C corporations.

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-fraction (sales) 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.

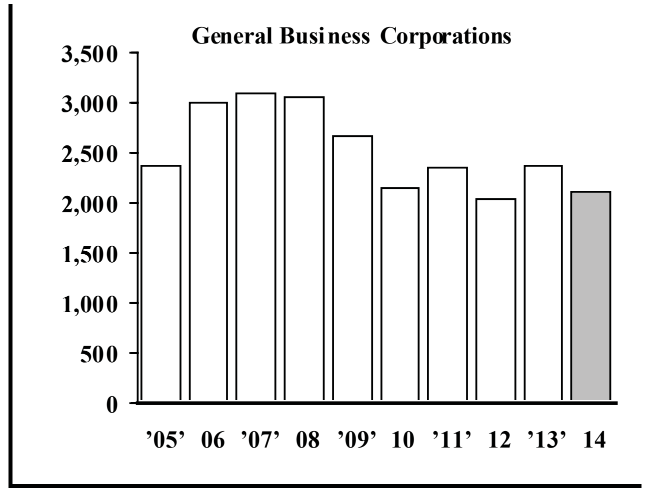
For privilege periods beginning on or after July 1, 2010, the throwout provision of the apportionment formula for Corporation Business Tax has been eliminated along with the "regular place of business" requirement for taxpayers to allocate income. To allocate less than 100% of income to New Jersey, a 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)**




| Fiscal Year | Collections |
|---|---|
| 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 |
| 2013 | 2,371,400,447 |
| **2014** | **2,112,908,123** |

# 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 property 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 property 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 nonresident/nonconsenting 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 payday(s) on which taxes were withheld.

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

## Disposition of Revenues

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

## History

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Chapter 55, P.L. 2004, requires that nonresident individuals, estates, or trusts pay estimated tax on gains 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 five 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 provided 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.

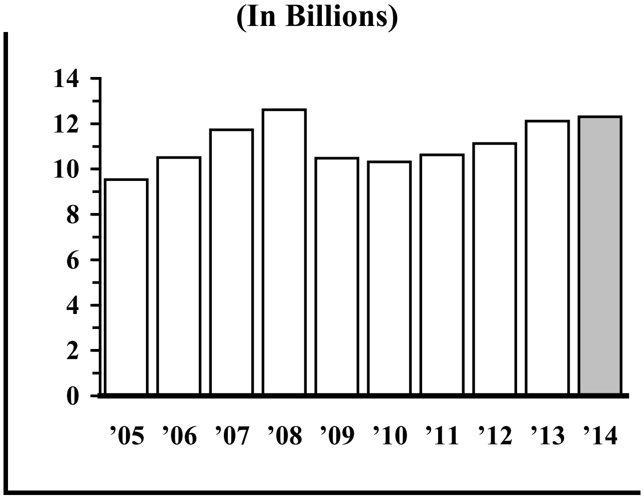
P.L. 2013, C. 14, the "New Jersey Angel Investor Tax Credit Act," revives the expired Small New Jersey-Based High Technology Business Investment Tax Credit by establishing a Gross Income Tax credit for individuals investing in New Jersey emerging technology businesses.

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.

P.L. 2013, C. 171, increases compensation for wrongful imprisonment and excludes such compensation from New Jersey gross income.

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




| Fiscal Year | Collections |
|---|---|
| 2005 | $ 9,537,938,903[1] |
| 2006 | 10,506,564,988 |
| 2007 | 11,727,192,312 |
| 2008 | 12,605,545,164 |
| 2009 | 10,476,267,266[2] |
| 2010 | 10,322,942,702[2] |
| 2011 | 10,617,034,179 |
| 2012 | 11,128,418,349 |
| 2013 | 12,108,615,149 |
| **2014** | **12,311,695,518** |

[1]Rate on income over $500,000 increased from 6.37% to 8.97% effective January 1, 2004.

[2]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.

# Hotel/Motel Occupancy Fee/ Municipal Occupancy Tax

## Description

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

## Rate

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

Atlantic City—1%
Newark and Jersey City—1%
The Wildwoods—3.15%

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

## Disposition of Revenues

The monies collected from the State Occupancy Fee are deposited to the General Fund and are statutorily allocated, in varying percentages, to the New Jersey State

Council on the Arts for cultural projects; the New Jersey Historical Commission; the New Jersey Division of Travel and Tourism for tourism advertising and promotion; and the New Jersey Cultural Trust. Any amount over the dedication is allocated to the General Fund. Collections from the Municipal Occupancy Tax are distributed back to the municipality.

# Insurance Premiums Tax

### Description

The Insurance Premiums Tax applies to premiums collected on insurance risks by every insurance company transacting business in New Jersey, 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 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 that primarily insure the risks of businesses that 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 tax on captive insurers (P.L. 2011, C. 25) is collected by the Division of Taxation, and the revenues are directed to the Department of Banking and Insurance to support regulation of the captive insurance industry.

# 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 rate is $0.50 per ton or $0.15 per cubic yard on all solid waste accepted for disposal. The 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 2013 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.

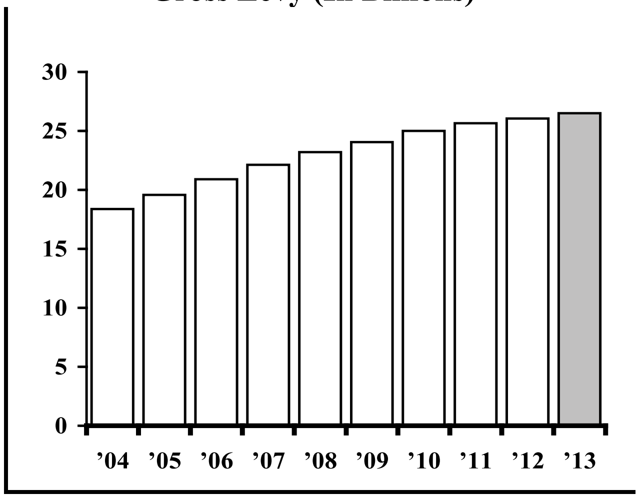
The 1966 law also provided for replacement of local personal property tax revenues from four tax sources: (1) Retail Gross Receipts Tax, (2) Corporation Business (Net Income) Tax, (3) Business Personal Property Tax and (4) Unincorporated Business Tax. This revenue replacement program was terminated (C. 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 that 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 that were not reassessed.

A long period of legislative history has developed numerous exemptions and special property tax treatments. These are found principally in R.S. 54:4-3.3 and in R.S. 54:4-3.6. Generally exempt are government-owned property; and property of religious, educational, charitable, and various types of nonprofit organizations. R.S. 54:4-3.6 was amended to permit a religious or charitable organization to lease property to another exempt entity for a different exempt use without the loss of its property tax exemption. An amendment to R.S. 54:4-3.10 provided that property owned by any exempt firefighter's association, firefighter's relief association, or volunteer fire company would retain its tax-exempt status although the organization owning the property used the property for an income-producing purpose on an auxiliary basis provided that the auxiliary activity does not exceed 120 days annually and the net proceeds from the auxiliary activity are used to further the primary purpose of the organization or for other charitable purposes. Qualified senior citizens and disabled persons are permitted a tax deduction of $250 annually as per N.J.S.A. 54:4-8.40 et seq. The veterans' deduction was increased from $50 to $100 for tax year 2000, $150 for 2001, $200 for 2002, and $250 for 2003 and thereafter pursuant to N.J.S.A. 54:4-8.10 et seq. Wartime service periods were also expanded.

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




| Fiscal Year | Gross Tax Levy |
|---|---|
| 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 |
| 2012 | 26,054,001,420 |
| **2013** | **26,504,427,647** |

# 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 Fuel Tax, the Petroleum Products Gross Receipts 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.

# 9-1-1 System and Emergency Response Assessment

## Description

P.L. 2004, C. 48, 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. The law also provides an exemption for State, county and municipal governments, and school districts from the fee imposed on telephone exchange services.

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

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

## Nursing Home Assessment

### Description
The New Jersey Nursing Home Quality of Care Improvement Fund Act, P.L. 2003, C. 105 (as amended by P.L. 2004, C. 41), 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.

### 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.

## 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. 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.

## 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 amount appropriated for property tax relief programs in the State Budget affected the amount of the homestead rebate paid to some taxpayers. 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, only those with a gross income of $40,000 or less were eligible to receive 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 that 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 41 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 that, 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 amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2006 affected 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 amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2007 affected 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 amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2009 affected eligibility and rebate amounts for tax year 2007 for both homeowners and tenants. Only homeowners with income of $150,000 or less were eligible, and the rebates for homeowners were to 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 amount appropriated for property tax relief programs in the State Budgets for Fiscal Years 2010 – 2015 limited eligibility and benefit amounts for tax years 2008 – 2012 for homeowners based on income (homeowners age 65 or older or disabled with gross income of more than $150,000 and homeowners under age 65 with gross income of more than $75,000 were not eligible). The Budgets also required that the benefits for homeowners be based on 2006 property taxes. For tax year 2008, only tenants age 65 or older or disabled were eligible for rebates. 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, 2011, and 2012, 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, benefits for 2011 were applied to property tax bills in August 2013, and benefits for 2012 were applied to property tax bills in May 2015.

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2016 will affect homestead benefits for 2013. No rebates will be issued to tenants for tax year 2013. Only 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 amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2003 affected NJ SAVER rebates for 2001. Only homeowners earning $200,000 or less received rebates, which were limited 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 39 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 that 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 amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2011 affected 2009 reimbursement payments. Only those applicants who received reimbursements for 2008 and whose income for 2009 did not exceed the 2008 income limit were eligible. In addition, 2009 benefit amounts were limited to the 2008 level.

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2012 affected 2010 reimbursement payments. Only those applicants whose income for 2009 did not exceed $80,000, and whose 2010 income did not exceed $70,000 were eligible. (The original limit was $80,000.)

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2013 limited 2011 reimbursement payments. Only applicants whose income for 2010 did not exceed $80,000, and whose 2011 income did not exceed $70,000 were eligible. (The original limit was $80,000.)

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2014 limited 2012 reimbursement payments. Only applicants whose income for 2011 did not exceed $80,000, and whose 2012 income did not exceed $70,000 were eligible. (The original limit was $82,880.)

The amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2015 affected reimbursement payments for 2013. Applicants were eligible to receive reimbursement payments only if their 2012 total income did not exceed $82,880, and their 2013 total income did not exceed $70,000. (The original limit was $84,289.)

### 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 amount appropriated for property tax relief programs in the State Budget for Fiscal Year 2010 affected the property tax deduction for tax year 2009. Homeowners under age 65 and not disabled whose gross income was over $150,000 but not over $250,000 were limited to a $5,000 deduction. The property tax deduction was suspended 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.

## 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 rate is $0.01 per 1,000 gallons of water delivered to a consumer.

### Disposition of Revenues

Revenues are deposited in the Safe Drinking Water Fund administered by the New Jersey Department of Environmental Protection and used to ensure clean drinking water in New Jersey.

## Public Utility Franchise Tax

### Description

Public Utility Franchise Tax applies to all sewerage and water companies having lines and mains along, in, on, or over any public thoroughfare.

The rate is either 2% or 5% of a proportion of the gross receipts of the taxpayer for the preceding calendar year. The proportion of gross receipts subject to tax is the ratio of the taxpayer's total length of lines or mains that are located along, in, on, or over any street, highway, road, or other public place to the whole length of lines or mains. Measurements of lengths of lines or mains exclude service connections.

### Administration

The Franchise Tax levied against the sewerage and water companies is payable to the State in three installments: 35% due May 15, 35% due August 15, and 30% due November 15.

### Rate

The rate is 2% for taxpayers with calendar year gross receipts of $50,000 or less and 5% for taxpayers with calendar year gross receipts exceeding $50,000.

### Disposition of Revenues

Revenues are deposited into an account that is used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with P.L. 1997, C. 167.

## Public Utility Gross Receipts Tax

### Description

Public Utility Gross Receipts Tax is in addition to the Franchise Tax and is in lieu of the local taxation of certain properties of sewerage and water companies in New Jersey.

### Administration

The Gross Receipts Tax levied against the sewerage and water companies is payable to the State in three installments: 35% due May 15, 35% due August 15, and 30% due November 15.

### Rate

7.5% is applied to the gross receipts for the preceding calendar year.

### Disposition of Revenues

Revenues are deposited into an account that is used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with P.L. 1997, C. 167.

## Public Utility Excise Tax

### Description

Public Utility Excise Tax is an additional tax on sewerage and water public utilities.

### Administration

The Public Utility Excise Tax levied against the sewerage and water companies is payable to the State in full on May 1.

### Rate (Calendar Year Basis)

0.625% —upon gross receipts subject to the franchise tax (0.25% for taxpayers with gross receipts not in excess of $50,000 annually);

0.9375% —upon gross receipts of all sewerage and water public utilities.

### Disposition of Revenues

Revenues are deposited into an account that is used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with P.L. 1997, C. 167.

## Railroad Franchise Tax

### Description

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

### Rate

Railroad Franchise Tax is assessed at the rate of 10% upon the net railway operating income of the preceding year allocated to New Jersey. The minimum is $100 for taxpayers having total railway operating revenues in the preceding year of $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; that 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 that 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. 2006, the Civil Union Act, 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 over | but not over | Rate / $500 |
|---|---|---|
| $ 0 | $ 150,000 | $ 2.00 |
| 150,000 | 200,000 | 3.35 |
| 200,000 | 350,000 | 3.90 |

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

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

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

| Consideration over | but not over | Rate / $500 |
|---|---|---|
| $ 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 when consideration is over $1 million**

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, 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 that 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 over | but not over | County Treasurer[1] | State Treasurer[2] | New Jersey AHTF |
|---|---|---|---|---|
| $ 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 over | but not over | County Treasurer[1] | State Treasurer[2] | New Jersey AHTF |
|---|---|---|---|---|
| $ 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 *over* | *but not over* | County Treasurer | State Treasurer | New Jersey AHTF |
|---|---|---|---|---|
| $ 0 | $ 150,000 | $ 0.50 | $ 0.00 | $ 0.00 |
| 150,000 | 350,000 | 0.50 | 0.00 | 0.75 |

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

| Consideration *over* | *but not over* | County Treasurer | State Treasurer[3] | New Jersey AHTF |
|---|---|---|---|---|
| $ 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 *over* | *but not over* | County Treasurer[1] | State Treasurer[2] | New Jersey AHTF |
|---|---|---|---|---|
| $ 0 | $ 150,000 | $ 0.75 | $ 1.00[3] | $ 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 *over* | *but not over* | County Treasurer[1] | State Treasurer[2] | New Jersey AHTF |
|---|---|---|---|---|
| $ 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 |

[1] Under the Public Health Priority Funding Act of 1977, $0.25 per $500 of consideration is deposited into a special fund.

[2] Amount per $500 of consideration is deposited as follows:

*Extraordinary Aid Account*

| | |
|---|---|
| **Standard Transactions** | |
| Not over $150,000 | $ 0.00 |
| Over $150,000 but not over $200,000 | 0.60 |
| Over $200,000 | 1.15 |
| **New Construction** | |
| Not over $150,000 | $ 1.00 |
| Over $150,000 but not over $200,000 | 0.60 |
| Over $200,000 | 1.15 |

*State General Fund*

When 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 |

[3] 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 2014, a total of $396,311,709 was paid to the State Treasury 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 Treasury from the State portion of the basic fee are credited to the Shore Protection Fund.

In Fiscal Year 2014, $55,948,121 was paid to the State Treasury 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 2014, the Extraordinary Aid Account received $63,302,523.

# Recycling Tax

## Description

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 in which 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 property 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 property, or the property on which taxable services are performed, comes 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.

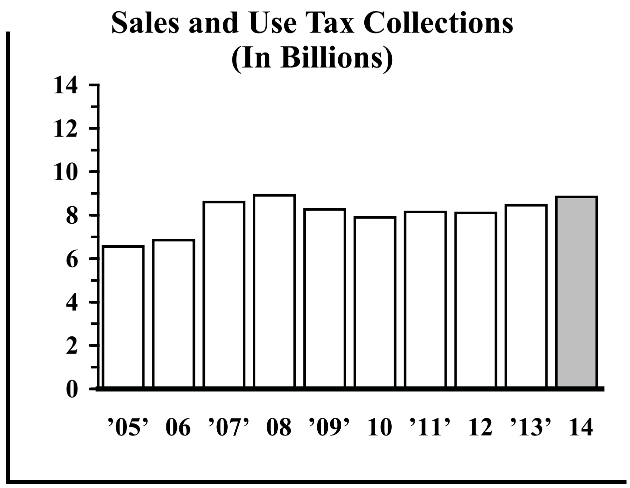
P.L. 2009, C. 240, clarifies the meaning of "contiguous property" and removes limitations on exemption for natural gas and utility service used for cogeneration.

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.

P.L. 2013, C. 193, provides a Sales and Use Tax exemption for cosmetic makeup services provide in conjunction with reconstructive breast surgery.

P.L. 2014, C. 13, creates the presumption that a remote seller making sales to New Jersey customers of tangible personal property, specified digital products, or services taxable under the Sales and Use Tax Act has nexus with New Jersey and is required to collect and remit New Jersey Sales Tax if that seller enters into an agreement to pay a commission or other consideration to an independent contractor or other representative located in this State who refers customers to that seller, whether by a link on a website or otherwise.




| Fiscal Year | Collections |
|---|---|
| 2005 | $6,552,199,925 |
| 2006 | 6,853,417,869 |
| 2007 | 8,609,639,460[1] |
| 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 |
| 2013 | 8,454,788,087 |
| **2014** | **8,849,369,361** |

[1]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 two or more adjacent Urban Enterprise Zones. Under the program, qualified municipalities apply to the Urban Enterprise Zone Authority to have a portion of the municipality designated as an Urban Enterprise Zone or Urban Enterprise Zone-impacted business district. Businesses must apply to the local municipal zone coordinator to be certified as a "qualified business" before they can take advantage of these benefits.

Initially 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 that 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 seller 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.) that 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.

P.L. 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.

# 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 that is transferred to a public storage terminal, and to any transferor of a previously untaxed nonpetroleum hazardous substance from a major facility to one that 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 that 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.

## 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 that 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.

## 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, 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 seller 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. 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 that 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 that 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 that 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 that formed the basis of the present Transfer Inheritance Tax (N.J.S.A. 54:33-1 et seq.).

In 1934, legislation was enacted that 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.

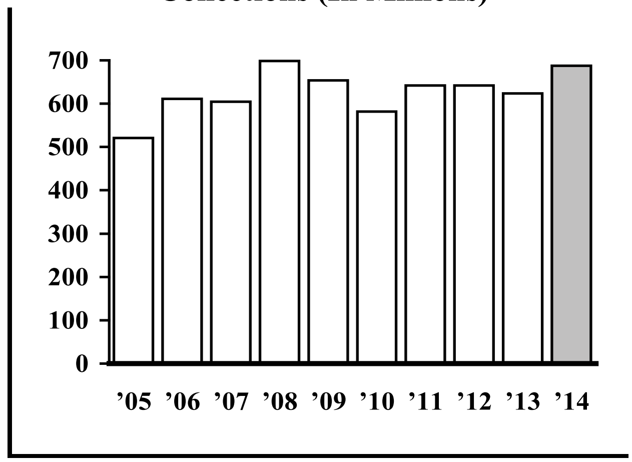
P.L. 2003, C. 246, the Domestic Partnership Act, recognized domestic partnerships and provided certain rights and benefits to individuals participating in them. The Act made significant changes to the New Jersey Inheritance Tax for individuals dying on or after July 10, 2004. Transfers made to a surviving 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 |
|---|---|
| 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 |
| 2013 | 623,839,887 |
| **2014** | **687,436,282** |

# Transitional Energy Facility Assessment

## Description
The Transitional Energy Facility Assessment is a temporary, partial substitute for the Public Utility Energy Unit Tax previously assessed against public utilities engaged in the sale and/or transmission of energy (therms of natural gas or kilowatt-hours of electricity).

## Administration
The Transitional Energy Facility Assessment is assessed against the public utility energy companies, or their successors or assignees, and is due May 15.

## Rate
The rates of taxation for each class and category of natural gas and electricity are established by the New Jersey Board of Public Utilities.

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.

## 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) that were subject to the Public Utility Energy Unit Tax prior to January 1, 1998, and against telecommunication providers previously subject to the Public Utility Franchise and Gross Receipts Tax assessed under C. 4, P.L. 1940.

### Administration
The Uniform Transitional Utility Assessment is assessed against the public utility energy companies and the public utility telecommunications companies, or their successors or assignees, and is due May 15. Any amount paid by a taxpayer shall be available only as a nonrefundable credit against the tax in which the estimation is made, and shall not be claimed until after August 1 of the year the assessment is paid.

### Rate
For energy taxpayers, the assessment shall be equal to 50% of the total of the taxpayer's estimate of Sales and Use Tax on energy (natural gas or electricity) and utility service (transportation or transmission of natural gas or electricity by means of mains, wires, lines, or pipes to users or customers) remittance for the calendar year and Corporation Business Tax liability for the calendar year.

For telecommunication taxpayers, the assessment shall be equal to 50% of the taxpayer's estimate of its Corporation Business Tax liability for the calendar year.

### Disposition of Revenues
Revenues are deposited into accounts that are used to fund the Energy Tax Receipts Property Tax Relief Fund, which is distributed to municipalities in accordance with C. 167, P.L. 1997.

# New Jersey Division of Taxation

# LEGISLATION AND COURT DECISIONS

# LEGISLATION

## Administration

**P.L. 2013, C. 259 — State Agencies Required to Post Certain Rule-Making Procedures and Documents Online**
Signed into law on January 17, 2014, and took effect immediately, but was inoperative until July 1, 2014. This law amends several provisions of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., to require State agencies to use various electronic technologies in rule-making procedures. Thus, each agency is required to post various documents (or URL address links thereto) to its website including, but not limited to, the text of all rule proposals, notices of rule adoptions, and the complete and current text of all agency rules.

The new law codifies the 30-day advance notice requirement for rule proposals to interested parties.

## Admissions Surcharge

**P.L. 2013, C. 84 — Surcharge on Certain Admission Charges**
Signed into law on July 17, 2013, and effective immediately, revises the permitted amount of the surcharge on admission charges at certain major places of amusement. The surcharge is now set at an amount up to 5% of the admission charge, allowing authorized municipalities to collect a surcharge that is less than 5% of the admission charge. The law applies to places of amusement, as defined under the Sales and Use Tax Act, at which admission charges are regularly paid and which seat at least 10,000 patrons. The surcharge may not be imposed at motion picture theaters, amusement parks, or places of amusement owned by, or located on property owned by, the State or an independent State authority.

## Alcoholic Beverage Tax

**P.L. 2013, C. 92 — Craft Distillery License**
Signed into law on August 7, 2013, and effective on the first day of the fourth month after enactment (December 1, 2013), creates a craft distillery license.

Subject to rules and regulations, the holder of a craft distillery license is entitled to manufacture up to 20,000 gallons of distilled alcoholic beverages per year and to make certain sales. The holder of this license cannot sell food or operate a restaurant on the licensed premises. A holder of this license who certifies that not less than 51% of the raw materials used in the production of distilled alcoholic beverages are grown in this State or purchased from providers located in this State may, consistent with all applicable Federal laws and regulations, label these distilled alcoholic beverages as “New Jersey Distilled.”

## Cigarette Tax

**P.L. 2013, C. 145 — Unstamped and Counterfeit Cigarettes and Cigarette Smuggling Penalties**
Signed into law on August 19, 2013, and effective immediately, increases civil and criminal penalties involving unstamped and counterfeit cigarettes and cigarette smuggling. The law also establishes as a crime of the third degree importing, selling or distributing, transporting or possessing with intent to sell counterfeit cigarettes. Civil penalties for specified offenses are doubled and certain maximum county jail terms are doubled.

The law requires the Director of the Division of Taxation to publish monthly reports on the Division’s website that list the quantity of cigarettes sold in this State by distributors, aggregated by manufacturer and brand family.

## Corporation Business Tax

**P.L. 2013, C. 98 — Motor Vehicle and Motorbus Services**
Signed into law on August 7, 2013, effective immediately, and applicable to privilege periods beginning on or after January 1, 2013, prohibits the imposition of the Corporation Business Tax on foreign (out-of-State) corporations that would otherwise be subject to the tax if their only contact with the State of New Jersey is carrying passengers into the State in a motor vehicle or motorbus operated over the public highways, delivering those passengers to a destination in the State, and returning those passengers to a location outside the State.

## Gross Income Tax

**P.L. 2013, C. 171 — Compensation for Wrongful Imprisonment**
Signed into law on December 27, 2013, and effective immediately, increases compensation for wrongful

imprisonment and excludes such compensation from New Jersey gross income.

The new law increases the amount of damages for wrongful imprisonment, if awarded, from $20,000 to $50,000 for each year of incarceration. If damages exceed $1 million, the court can order that the award be paid out as an annuity over a maximum of 20 years. The law also requires the court to award reasonable attorney fees and reimbursement of litigation costs and permits the court to award the claimant services such as counseling, tuition assistance, vocational training, housing assistance, and health insurance coverage. Once the claimant is awarded damages, any lien filed against the defendant for Public Defender services will be discharged and considered void.

**P.L. 2013, C. 239 — Checkoff for Homeless Veterans Grant Fund**
Signed into law on January 17, 2014, effective immediately, and applicable to tax years beginning on or after January 1, 2015, allows taxpayers to donate to the Homeless Veterans Grant Fund by specifying that a certain amount of their income tax overpayments should go to that fund or by enclosing a contribution with their Gross Income Tax returns.

**P.L. 2013, C. 244 — Checkoff for Leukemia & Lymphoma Society – New Jersey Fund**
Signed into law on January 17, 2014, effective immediately, and applicable to tax years beginning on or after January 1, 2015, allows taxpayers to donate to the Leukemia & Lymphoma Society – New Jersey Fund by specifying that a certain amount of their income tax overpayments should go to that fund or by enclosing a contribution with their Gross Income Tax returns.

**P.L. 2014, C. 4 — Northern New Jersey Veterans Memorial Cemetery Development Fund**
Enacted on May 15, 2014, effective immediately, and applicable to taxable years beginning on or after January 1, 2015, establishes the Northern New Jersey Veterans Memorial Cemetery Development Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their tax returns in support of the development and operation of the Northern New Jersey Veterans Memorial Cemetery.

## Local Property Tax

**P.L. 2013, C. 261 — Certain Blue Acres Properties Exempt From Taxes**
Signed into law on January 17, 2014, took effect immediately and is retroactive to October 29, 2012, the date on that Superstorm Sandy made landfall in New Jersey.

The new law exempts certain designated blue acres properties acquired by municipalities from county, school and fire district taxes. A blue acres property is a parcel of real property acquired by a municipality using funds made available under a Federal, county, municipal or State program for the acquisition of property situated in flood-prone areas of the municipality. The property becomes tax-exempt on the date it is acquired by the municipality.

Previously, any municipality that acquired a blue acres property before October 1 was required to pay the taxes for the remainder of the year. If the municipality acquired the property after October 1, it was required to pay the taxes not only for the remainder of that year but for all of the following year as well. This exemption will allow municipalities to take advantage of grants for acquiring properties in flood-prone areas without having to pay the associated tax liabilities.

## Miscellaneous

**P.L. 2013, C. 161 — New Jersey Economic Opportunity Act of 2013**
Signed into law on September 18, 2013, and effective immediately, merges five current incentive programs into two: the Grow New Jersey Assistance Program (GROW NJ) and the Economic Redevelopment and Growth Grant Program (ERGG). Both of these incentive programs are administered by the New Jersey Economic Development Authority (EDA). GROW NJ is the State's job creation and retention incentive program, which offers transferable tax credits. The Act expands the areas of the State within which businesses can qualify for those credits and reduces the capital investment and employment requirements. These changes will allow New Jersey to better match or surpass the financial incentive packages offered by neighboring and competing states and provide bonuses to drive development to smart growth areas in the State. ERGG, which is the State's incentive program for developers, grants tax benefits based on annual incremental State and local taxes in an effort to close project financing gaps and build public infrastructure critical to redevelopment projects. In addition, ERGG will provide bonuses

to achieve public policy objectives such as bringing fresh produce to urban "food deserts," and rebuilding tourism destinations damaged or destroyed due to the effects of Hurricane Sandy.

The law phases out the Business Retention and Relocation Assistance Grant Program (BRRAG), Business Employment Incentive Program (BEIP), and the Urban Transit Hub Tax Credit Program (HUB) and incorporates many of their elements into GROW NJ and ERGG. The EDA will only process applications for BRRAG, BEIP, or HUB that were submitted to that agency on or before September 18, 2013, the date the Act went into effect. The EDA must approve any BRRAG, BEIP, or HUB applications in the pipeline on or before December 31, 2013 (some HUB approvals could be rendered 120 days from September 18, 2013). Supporting documentation for HUB grants approved prior to December 31, 2013, may be submitted no later than April 26, 2017. Current reviews of BEIP, BRRAG, and HUB proposals that were received by the EDA before September 18, 2013, will not be adversely impacted. Existing BEIP, BRRAG, and HUB grants that were to be claimed over multiple years are unaffected by the Act.

Noteworthy changes include:

- The maximum aggregate value of all HUB tax credits that may be awarded in a single year increases from $250 million to $260 million.
- Businesses that submitted an application under GROW NJ or ERGG before the enactment of the Act may amend their application to receive more favorable terms under the provisions of the Act.
- The maximum value of tax credits that the EDA can approve for the State portion of ERGG redevelopment incentive grant agreements is set at $600 million. Tax credits awarded under this program may be transferred and may not be sold or assigned for an amount less than 75% of their value.
- All GROW NJ or ERGG proposals must be submitted on or before July 1, 2019. The law requires the EDA to approve any submitted GROW NJ applications on or before July 1, 2023 (a three-year approval window with two six-month extensions).
- There are a number of newly designated geographical areas eligible for grants and tax credits, including areas not located within a distressed municipality or priority area, also including an aviation district; Planning Area 3 (as designated in the State Plan); certain portions of the Meadowlands, Pinelands, and Highlands; and certain portions of Planning Areas 4A, 4B, and 5 (also as designated within the State Plan).

In addition to the areas described above targeted for incentive financing, a newly designated targeted growth area, the Garden State Growth Zone, which consists of the four poorest urban areas in the State (Camden, Trenton, Paterson, and Passaic), as defined and designated in the current State Plan, would be eligible for incentive grants.

**P.L. 2013, C. 166 — Common Sense Shared Services Pilot Act**
Signed into law on October 16, 2013, and effective immediately, revises current law to assist in the implementation of shared services agreements by allowing abrogation of tenure rights of certain personnel, including local assessors, who may be affected by those agreements. These shared services agreements are defined in the "Uniform Shared Services and Consolidation Act," P.L. 2007, C. 63 (C.40A:65-1 et seq.).

The Division of Taxation maintains oversight of the municipal and county assessment process. Prior to the enactment of this law, statutory requirements called for every municipality to appoint certain local officials to assess land and property values. Now, sharing of those personnel under a shared services agreement or joint contract for a joint meeting entered into pursuant to the provisions of the Uniform Shared Services and Consolidation Act may fulfill these requirements.

## Multiple Taxes

**P.L. 2014, C. 13 — Certain State Tax Compliance Standards and Benefit Restrictions**
Signed into law on June 30, 2014, and took effect immediately, except that sections 1, 2 and 3 apply to privilege periods ending on or after July 1, 2014, and section 4 applies to sales made, services rendered and uses occurring on or after July 1, 2014. The new law restricts certain State tax benefits and clarifies existing law in order to protect revenue. These modifications were warranted as a result of recent Tax Court decisions.

**Operational Income**
Section 1 of the law revises the definition of operational income in response to the Tax Court's decision in *McKesson Water Products Co. v. Director, Div. of Taxation,* 200 N.J. 506 (N.J. 2009). Previously, operational income was

defined as income from real or tangible property if the acquisition, management *and* disposition of the property constitute integral parts of the taxpayer's trade or business operations. The Court held that all three factors must be satisfied in order for income to be deemed operational. Under the new law, income will meet the definition of operational income as long as any one of the three factors (acquisition, management *or* disposition of the property) is an integral part of the taxpayer's regular trade or business operations.

**Refunds of Partnership Payments**
Section 2 of the law clarifies the circumstances in which the tax paid by a partnership on behalf of its nonresident partners may be claimed in response to the Tax Court decision in *BIS LP, Inc. v. Director, Div. of Taxation,* 2014 N.J. Tax (App. Div. April 11, 2014).

In 2002, legislation was enacted to require New Jersey partnerships to make payments on behalf of their nonresident partners. In the *BIS* decision, the Court interpreted this language to mean that a nonresident that was determined to have no filing obligation could be entitled to a refund of tax the nonresident did not pay, but that was paid on the nonresident's behalf. This new law clarifies that these payments are only refundable to a nonresident partner who files a New Jersey tax return and reports income that is subject to tax in this State. In that case, the nonresident partner may apply the tax that was paid by the partnership and credited to the nonresident partner's partnership account against the partner's tax liability. The law also provides that a partnership that pays tax pursuant to this section is not entitled to claim a refund of payments credited to any of its nonresident partners.

**Parity with IRC Section 108**
Section 3 of the law provides Corporation Business Tax parity with the Federal tax treatment of net operating losses (NOLs) when an entity receives discharge of indebtedness in certain circumstances.

The Internal Revenue Code excludes certain categories of debt cancellation from income (such as discharges in bankruptcy). Instead, IRC Section 108(b) calls for a reduction of certain "tax attributes," including NOLs. The New Jersey Corporation Business Tax Act provides no such reduction. The new law requires that a net operating loss for any privilege period ending after June 30, 2014, and any net operating loss carryover to such privilege period must be reduced by the amount excluded from Federal taxable income under subparagraph (A), (B), or (C) of paragraph (1) of subsection (a) of IRC Section 108, for the privilege period of the discharge of indebtedness.

**Sales and Use Tax: Click-Through Nexus**
Section 4 of the law creates the presumption that a remote seller making sales to New Jersey customers of tangible personal property, specified digital products or services taxable under the Sales and Use Tax Act has nexus with New Jersey and is required to collect and remit New Jersey sales tax if that seller enters into an agreement to pay a commission or other consideration to an independent contractor or other representative located in this State who refers customers to that seller, whether by a link on a website or otherwise. The independent contractor or other representative is deemed to be soliciting customers on behalf of the remote seller through such links, thereby creating nexus. If more than $10,000 in New Jersey sales is achieved through such links, nexus is established and registration and remittance is required. This presumption may be rebutted by proof that the independent contractor or representative with whom the seller has an agreement did not engage in any solicitation in the State on behalf of the person that would satisfy the nexus requirements of the United States Constitution.

## Sales and Use Tax

**P.L. 2013, C. 193 — Exemption for Certain Tattooing With Reconstructive Breast Surgery**
Signed into law on January 17, 2014, took effect immediately and applies to medically prescribed services provided on or after that date.

The law, called "Jen's Law," amends N.J.S.A. 54:32B-3 to eliminate the imposition of Sales Tax on certain permanent cosmetic make-up applications (i.e., tattooing) provided pursuant to a doctor's prescription in conjunction with reconstructive breast surgery. These procedures are clearly distinguishable from purely aesthetic tattooing, including permanent body art and permanent cosmetic application, which is taxable under N.J.S.A. 54:32B-3(b)(10).

# COURT DECISIONS

## Administration

**Bankruptcy**
*Daniel P. McGlone v. Director, Division of Taxation,* decided June 25, 2014; Tax Court, Docket No. 006378-2003. McGlone was the President and 100% shareholder of a construction company incorporated in New Jersey (the Company) that filed for bankruptcy in 1990. The Division filed a timely priority claim estimating that the Company owed $100,000 in various taxes, including employer withholdings of Gross Income Tax, which is a trust tax. In 1997, a final decree was entered in Bankruptcy Court on the Chapter 7 liquidation.

In 2001, McGlone filed the Gross Income Tax Reconciliation of Tax Withheld (Form NJ-W-3) for 1988, 1989 and 1990 on behalf of the Company. Three months later the Division issued a Notice of Finding of Responsible Person Status to McGlone that assessed $175,071 for unpaid gross income tax withholdings plus penalty and interest for 1988 through 1990.

McGlone filed a complaint in Tax Court alleging that the Division filed the 2001 assessment after the statute of limitations had expired, and that the liability for the assessment expired at the end of the bankruptcy proceedings in 1997.

The Tax Court first addressed McGlone's claim that the Division's assessment was beyond the statute of limitations. The Court found that the Division's 2001 Notice of Finding of Responsible Person Status was timely because the 1988, 1989 and 1990 NJ-W-3s were filed in 2001, which was when the three-year statute of limitations began to run (N.J.S.A. 54A:9-4(a)).

With respect to McGlone's contention that the Company's tax debt and his responsibility for that debt expired at the end of the bankruptcy proceedings, the Court ruled that because the debt was for trust fund taxes it was not dischargeable in bankruptcy. The Court cited a case decided by the Supreme Court of the United States that held that trust fund tax debts are not dischargeable under any circumstances. Additionally, as a responsible person, McGlone was personally liable for any withholding taxes that were not remitted by the Company.

## Corporation Business Tax

**Regulation Subsequent to Division Notice**
*Shree Ram Investments, Inc. v. Director, Division of Taxation,* decided August 9, 2013; Appellate Division, Docket No. A-0600-11T4. In May 2001, Shree Ram Investments, Inc. (SRI) filed an election to be treated as an S corporation in New Jersey. The Division returned the election form to SRI because it had not registered as a New Jersey or foreign corporation and stated that SRI could apply for S corporation status once it had registered. SRI registered and obtained its certificate of authority but did not refile its S corporation election. Regardless, SRI filed its New Jersey returns as an S corporation commencing in 2001 and through 2005.

In March 2006, the Division issued a notice of deficiency for tax years 2003 and 2004. In May 2006, SRI filed its S corporation election with the Division and requested retroactive S corporation status. The Division granted S corporation status as of January 1, 2006, but denied retroactive status and sent a notice to SRI. The notice included information about the taxpayer's protest and appeal rights, the option for filing a Claim for Refund of Paid Audit Assessment, Form A-1730, and the requirements therefor.

In February 2007, SRI paid the deficiency less the penalties that the Division had abated at the taxpayer's request. Thereafter, SRI filed Form A-1730 contending that it had filed an S corporation election in May 2001. In June 2007, the Division denied the refund claim on the grounds that the entire assessment had not been paid because the penalties were abated and that SRI neither timely protested nor appealed its initial May 2001 denial of S corporation election status.

On September 4, 2007, the Division proposed a regulation to authorize retroactive S corporation status. On September 24, 2007, SRI filed a complaint with the Tax Court challenging the denial of the refund. The proposed retroactive S corporation status regulation was adopted and became effective as of January 7, 2008 (N.J.A.C. 18:7-20.3).

The Tax Court granted summary judgment to the Division on the same basis that the Division denied the Form A-1730 refund claim. The Court added that the denial was proper because there was neither a statute nor regulation authorizing retroactive S corporation elections at the time.

SRI appealed to the Appellate Division on the grounds that it was entitled to retroactive S corporation status based on the regulation that was adopted after they appealed the case to Tax Court. The Appellate Division found that this issue was not properly before the Court because the Division did not first address this claim. The Appellate Division stated: “We are not aware of any authority for a court to determine, in the first instance, whether a taxpayer is entitled to a benefit available pursuant to a newly-adopted regulation before the taxpayer has sought that benefit in the Division.” Therefore, the Appellate Division did not consider N.J.A.C. 18:7-20.3 and affirmed the Tax Court’s opinion.

**Corporate Partner Entitled To Refund**
*BIS LP, Inc. v. Director, Division of Taxation,* decided April 11, 2014; Appellate Division, Docket No. A-1647-12T3. BIS, a limited partnership, filed a New Jersey Corporation Business Tax (CBT) return and reported tax due. The monies were remitted by an affiliated entity on BIS’s behalf. Thereafter, BIS sought a refund on the grounds that it lacked sufficient nexus with New Jersey to be subject to CBT.

The Appellate Division upheld the Tax Court decision, agreeing that BIS did not have sufficient nexus with New Jersey to be subject to CBT, but remanded to the Tax Court the issue of whether the refund should be paid to BIS or to the affiliate that remitted the tax on BIS’s behalf. On remand, the Tax Court decided that BIS was entitled to the refund of taxes paid on its behalf pursuant to N.J.S.A. 54:10A-15.7, -15.11, and N.J.A.C. 18:7-17.6. The Appellate Division affirmed.

## Gross Income Tax

**Time to File for Refund**
*Edward Alon v. Director, Division of Taxation,* decided August 6, 2013; Tax Court, Docket No. 007087-2011. Plaintiff (Alon) filed his 2002 NJ-1040 on August 6, 2004, claiming a credit of $7,644 to be applied to future tax liabilities. Alon filed his 2003 tax return (due in 2004) in May 2009, his 2004 and 2005 tax returns (due in 2005 and 2006, respectively) in March 2010, his 2006 and 2007 tax returns (due in 2007 and 2008, respectively) in April 2010, and his 2008 tax return (due in 2009) in May 2010. He requested refunds totaling $13,595, resulting from estimated tax payments made during those years and the credit claimed on his 2002 return. Although the plaintiff claimed that the returns were all filed late due to personal hardships, he never requested an extension of time to file.

The Tax Court held that, under the provisions of N.J.S.A. 54A:9-8(a), Alon had three years from the filing of a timely tax return to file for a refund. Plaintiff failed to timely file his returns and, consequently, failed to make timely refund requests. Alon’s failure to file for a refund before the deadline prevented him from recovering a refund. The Court held further that, even if a refund claim is filed within the three-year period, the amount of refund or credit cannot exceed the portion of tax paid within the three years immediately preceding the filing of the claim, plus any extension of time for filing the return. Because the plaintiff did not make any payments in the three years immediately preceding the filing of the respective year’s return, he is not entitled to any refund.

**Nonbusiness Bad Debt**
*Harlan W. Waksal and Carol Waksal v. Director, Division of Taxation,* decided August 13, 2013; New Jersey Supreme Court, Docket No. A-103-11. In 2002, Harlan Waksal loaned his brother $14.7 million and executed a promissory note. When it became clear by early 2005 that the brother would not be able to make any payments on the loan, the plaintiffs (Waksals) reported a short-term capital loss from the loan on their 2004 Federal income tax return. On their 2004 New Jersey Gross Income Tax return, the Waksals reported a loss from “the sale, exchange or other disposition of property” and used that loss to offset capital gains realized from other property. Pursuant to an audit, the Division denied the loss and issued a notice of deficiency for Gross Income Tax in the amount of $1.3 million plus interest and penalties.

The Waksals appealed to the Tax Court. The Tax Court held that the failure to repay the loan did not constitute a “sale, exchange, or other disposition of property” within the meaning of the New Jersey Gross Income Tax Act and upheld the deficiency assessment. The Appellate Division affirmed.

The New Jersey Supreme Court also affirmed, finding that regardless of their Federal tax reporting, the worthless nonbusiness debt is not a “sale, exchange or other disposition of property” for New Jersey Gross Income Tax purposes. The Court observed that the New Jersey Gross Income Tax Act does not incorporate every provision of the Internal Revenue Code and, in fact, there is no New Jersey provision authorizing a deduction for worthless nonbusiness debt. The Court also found that neither the New Jersey Gross Income Tax Act nor the New Jersey Supreme Court’s holding in *Koch*, 157 N.J. 1 (1999), concerning “federal methods of accounting,” required application of Federal loss provisions to the nonbusiness bad debt at issue.

**Credit for Taxes Paid to Other Jurisdictions**
*David E. and Janice Berliner v. Director, Division of Taxation,* decided November 14, 2013; Tax Court, Docket No. 000057-2008. For tax years 2004 and 2005, David

Berliner was a New Jersey resident and a partner in a New York City partnership. Along with filing a New Jersey resident income tax return in both years, the plaintiff filed multiple out-of-State returns to report partnership income. In 2004 he received an NJK-1 that reported a total distribution of $330,798, $6,994 of which was attributable to New Jersey. Plaintiff correctly reported the full $330,798 as the distributive share of partnership income on his 2004 NJ-1040. In tax year 2005, he reported $507,769 on his NJ-1040, $10,897 of which was sourced to New Jersey.

Pursuant to N.J.S.A. 54A:4-1, a resident taxpayer is entitled to a credit against their New Jersey tax for the amount of any income tax or wage tax imposed by another jurisdiction with respect to income that is also subject to tax under the Act, except as provided by subsections (c) and (d) of this section. The credit is not a dollar for dollar credit and must be determined in accordance with the Director's regulations.

For both 2004 and 2005, the plaintiff calculated a credit for taxes paid to other jurisdictions. He included the full partnership distribution amount in the numerator of the credit calculation. By including the New Jersey portion of the partnership income in the numerator, the calculated credit exceeded the limitations imposed by the statute. The Division reduced the numerator by the amount of income attributable to New Jersey sources. Plaintiff maintains that because the partnership was located in New York and the entire distribution was taxed there, he is entitled to a credit for the entire amount of the distribution.

In granting the Division's motion for summary judgment, the Court cited *Jenkins v. Director, Division of Taxation,* 4 N.J. Tax 127, 133 (Tax 1982), which explained that "the objective of N.J.S.A. 54A:4-1 is to avoid double taxation of the same income by providing a credit against New Jersey Gross Income Tax for tax paid to another jurisdiction on the same income." It goes on to state that "the intent of the act is to avoid double taxation of foreign income by relinquishing all or part of the New Jersey tax on the foreign income, but not to relinquish New Jersey tax on income earned in New Jersey."

## Local Property Tax

**Assessment Appeal and Chapter 91 Request**
*Paramus Associates, LLP/Home Depot, USA, Inc., v. Borough of Paramus,* decided August 2, 2013; New Jersey Tax Court, Docket No. 002755-2012. The plaintiff, Paramus Associates, LLP/Home Depot, USA, Inc., disputed the municipal assessor's dismissal complaint for failure to comply with Chapter 91. Paramus Associates, LLP, owned property listed as Block 5201, Lot 3 and Lot 8 on the tax map of the Borough of Paramus. Lot 8 is the site of the retail store and Lot 3 contains the adjacent parking lot and access road. A single lease agreement between Paramus Associates, LLP, and Home Depot USA, Inc., was used to govern the property, which consisted of both of these lots. On October 1, 2011, the assessor mailed two Chapter 91 requests for income and expense information. Paramus Associates, LLP, completed only one request form which included information for both lots and submitted it to the assessor's office for review.

A letter dated September 11, 2012, which was sent to the tenant, Home Depot, USA, Inc., gives a description of how the property was combined. The letter stated:

> In 2004 we combined the lots and in accordance with the approvals from the Town, the Home Depot Bath and Tile building that was previously subject to a separate lease were demolished on Lot 3. Also at that time an extension to the existing Home Depot was built on lot 8. Accordingly we now have one lease for the building which is on lot 8. Lot 3 is only a parking lot and access road into the property. The income and expense report filed with the Town reflects all of our income on both lots 3 & 8.

The Borough of Paramus objected to the letter suggesting that it was inaccurate because Paramus Associates, LLP/Home Depot, USA, Inc., had not submitted yearly expense information. The Borough of Paramus urged the Court to recognize that the single lease agreement did not excuse Paramus Associates, LLP/Home Depot, USA, Inc.'s failure to respond to the Chapter 91 request for Lot 3. The Borough of Paramus argued that, given these circumstances, two things must be reported:

1. Income received from a single tenant to account for value of the improved land (Lot 8); and
2. Income received from the parking area (Lot 3), regardless of the fact that such income may be subsumed within Lot 8.

Using N.J.S.A. 54:4-34, the Borough of Paramus concluded that due to absent reported income for each lot, the taxpayer's appeal is subject to dismissal because the information was not accurate or timely.

Paramus Associates, LLP/Home Depot, USA, Inc., opposed this motion saying that dismissal of the present appeal was not necessary. They contended that there was indeed timely, relevant income information presented for both lots in one document. Furthermore, the two tax parcels were so intertwined as one financial unit that it was virtually impossible to determine the specific income and expenses per parcel. Paramus Associates, LLP/Home Depot, USA, Inc., also stated that it received two redundant requests for the same income and expense information. The plaintiff argued that the request was ambiguous and there was no documentation to clarify that both requests were to be completed and sent back, thereby making the Chapter 91 request deficient.

The issue before the Court was whether a taxpayer that receives two Chapter 91 requests for two separate lots governed by a single lease agreement has failed or refused to respond pursuant to N.J.S.A. 54:4-34 having submitted income and expense information for both tax parcels in the form of a single response.

The defendant's motion was denied. The Court found that the plaintiffs did not ignore the assessor's information request, but provided a timely, sufficient response in sending the Lot 8 form. The Court also found that the Borough of Paramus sent identical forms for both lots but did not fashion the request for Lot 3 in language directed towards the parking lot and access road. In fact, it noted that the form specifically excludes consideration of the parking lot, and if there is room for reasonable doubt as to whether an owner of an income-producing property can understand an assessor's request to include specific information, the benefit of the doubt goes to the property owner. It is also noted that a property owner who receives a Chapter 91 request that is ambiguous may not have its appeal dismissed for failure to respond in a timely manner to such a request.

## Sales and Use Tax

**Remote Controls and Converters**

*Comcast of South Jersey, Inc., et al. v. Director, Division of Taxation,* decided February 20, 2013; Tax Court, Docket Nos. 001153-2004, 001157-2004, 001160-2004, 001163-2004, 001165-2004, 001168-2004, 001170-2004, 001171-2004, 001173-2004, 001175-2004, 001177-2004, 001178-2004, 001179-2004, 001180-2004. Plaintiff provides cable television services in New Jersey. At issue is whether purchases of converters and remotes are exempt from use tax under N.J.S.A. 54:32B-8.13(e) of the Sales and Use Tax Act as sales of machinery, apparatus, or equipment to a provider of cable program services for use in the transmission of television information. If either or both are found to be taxable, is the plaintiff subject to late payment and amnesty penalties? Plaintiff requests that the Division pay litigation costs and fees pursuant to N.J.S.A. 54:51A-22.

Converters are used to transmit and convert signals that are sent through coax cable from the cable company to customers' televisions. Via lease agreements, the plaintiff supplies converters to its customers to be connected at the customers' locations in order to convert the signal for viewing. The customers use the remotes to interact with the converters.

In *RCN Telecom Services, Inc. v. Dir., Div. of Taxation,* 23 N.J. Tax 520 (Tax 2007), also known as *RCN II,* the Court ruled that converters were used directly and primarily in the transmission of cable television signals and were therefore exempt. Here, the Division argued that there is additional evidence, not available at the time of the *RCN II* case, that the primary function of the converters was security and not transmission, making the purchases taxable. Even though the plaintiff's own documents identified converters as signal security devices, the Court determined that the converter's primary purpose was transmission and ruled that the purchase of converters was exempt.

Remotes send infrared signals to the converter to tune, convert, and transmit the signal for a specific channel. They also were used to access parental controls and the television guide, as well as order video on demand. The Court held that the remotes were not exempt under N.J.S.A. 54:32B-8.13(e) because they communicated by infrared signal and were therefore not part of the transmission process.

Plaintiff claimed that it should not be subject to late payment penalties because it had reasonable cause to believe that the remotes were exempt under the plain meaning of N.J.S.A. 54:32B-8.13(e) as well as previous court cases (*RCN I* and *RCN II*). The Court opined that the plaintiff should have known from its own documents and witnesses that there was no transmission involved in the remotes and that they were not even referenced as part of its cable system. Therefore, the Court upheld the late payment penalty stating that "Comcast's misunderstanding or misjudgment is not good cause for its failure to pay taxes" on the remotes.

As to the issue of whether amnesty penalties were properly assessed, it was agreed by both parties that the Court reserves its decision until the Appellate Division issues a decision on amnesty penalties in the case of *United Parcel Service.*

N.J.S.A. 54:51A-22 allows for a prevailing taxpayer to be awarded reasonable litigation costs not to exceed $15,000. The statute defines “prevailing taxpayer” to be one who establishes that the position of the State was without reasonable basis in fact or law. In denying the plaintiff’s request, the Court held that the Division was not unreasonable because it was sufficient that the Court determined that remote controls are taxable and not exempt. Furthermore, the Division provided additional evidence as to the transmission function of converters that was not in the RCN cases.

**Marine Terminal Facility**
*Ironbound Intermodal Industries, Inc. v. Director, Division of Taxation,* decided July 19, 2013; Tax Court, Docket No. 012089-2008. Plaintiff is a New Jersey corporation located in Newark that provides storage, maintenance, and repair services to the shipping industry at Port Newark with respect to intermodal containers and chassis. When provided at a marine terminal facility, charges for such services are exempt from Sales and Use Tax. The Division of Taxation determined that the plaintiff does not meet the definition of a “marine terminal facility” and issued assessments of sales tax on the plaintiff’s storage services and chassis repair services.

The legislation that authorized the marine terminal exemption did not include a definition of marine terminal facility. The Division maintained that because plaintiff’s facilities were not located at Port Newark, did not contain piers or wharves, and were not capable of loading and unloading containers on and off vessels (i.e., stevedoring), they were not a marine terminal facility and not eligible for the exemption. The Court determined that plaintiff is a marine terminal facility as intended by the Legislature because it does all the same things as businesses located within Port Newark and its employees belong to the same union as workers located at the marine terminals. The Court concluded that the definition of marine terminal facility is general and broad in nature and not limited to Port Authority jurisdiction or location. Plaintiff’s storage and chassis repair services for customers of the Port of Newark are entitled to the exemption provided in N.J.S.A. 54:32B-8.12.

The Tax Court granted the plaintiff’s motion for summary judgment and denied the Director’s cross-motion, which resulted in a reversal of the Director’s sales tax assessment. The Court further determined that since the plaintiff is a marine terminal facility, there was no need to analyze the parties’ alternative arguments regarding the chassis repair services.

On October 31, 2013, the Court denied the Director’s motion for reconsideration but clarified the earlier decision by stating that the chassis repair services are exempt under N.J.S.A. 54:32B-8.12 as “other services rendered with respect to such loading, unloading and handling of cargo at a marine terminal facility.”

**Unstamped Cigarette Purchases**
*Kimberly Steele v. Director, Division of Taxation,* decided October 16, 2013; Tax Court, Docket No. 019582-2012. In accordance with the requirements of the Federal Jenkins Act (15 U.S.C. §375), the Division of Taxation received information from Smoker’s Den (an out-of-State mail-order cigarette vendor) that the plaintiff (Steele) purchased 134 cartons of unstamped cigarettes between June 2006 and June 2009. The Jenkins Act requires any person or entity shipping cigarettes in interstate commerce to file a monthly report with the tax administrator of that state. The report must contain the name of each purchaser, the shipment date, shipping address, and the brand and quantity of cigarettes purchased.

On October 31, 2011, the Division of Taxation sent the plaintiff a letter advising that she was liable for excise tax and sales tax totaling $3,646.73 for the purchase of 134 cartons of unstamped cigarettes. Plaintiff did not respond. On July 3, 2012, the Division issued a notice of assessment that included penalties and interest. After an administrative hearing held at the plaintiff’s request, the Division issued a final determination upholding the assessment. Taxpayer appealed to Tax Court. Taxpayer did not deny purchasing cigarettes from Smoker’s Den but stated that she only purchased 116 cartons, not 134 cartons, but she had no documentation or evidence to show the purchases she made. The Division moved for summary judgment.

Under the provisions of the Cigarette Tax Act, taxpayers can purchase stamped or unstamped cigarettes. Taxpayers who purchase stamped cigarettes are not required to pay tax because the stamps indicate that taxes have already been paid, but taxpayers who purchase unstamped cigarettes for consumption, use, or storage in New Jersey must obtain a license, report their purchases, and pay the tax. Plaintiff failed to do so and the Division estimated and assessed the tax due based on the information it had. Plaintiff argued that it was unfair for her to be held responsible for a tax of which she claims she was unaware.

In granting the Division’s motion for summary judgment, the Court held that the plaintiff’s lack of awareness did not relieve her of her liability to pay the taxes due. In addition, the Court held that the burden was on the plaintiff to provide evidence showing that the Division’s assessment was based on untrue or inaccurate data, and she did not meet that burden.

**Bankruptcy**

*Glenn B. Slater v. Director, Division of Taxation,* cert. denied, April 21, 2014; United States Supreme Court, Docket No. 13-925. Taxation issued plaintiff/petitioner (Slater) a Notice of Finding of Responsible Person Status for Sales and Use Taxes owed by his business. Slater did not challenge this notice. Two years later, Slater filed a petition for Chapter 11 bankruptcy. Taxation filed proof of claims for Sales and Use Tax, which were later expunged as untimely. The Court never issued an order that the claims were discharged or dischargeable. In 2002, the Bankruptcy Court dismissed Slater's bankruptcy petition without there being a discharge as to any debt in the bankruptcy proceeding. In 2008, Slater filed a complaint in Tax Court seeking a refund of Sales and Use Tax and argued that Taxation was barred from collecting because Taxation's claims were expunged by the Bankruptcy Court. Taxation moved to dismiss the complaint on the grounds that it was not filed within 90 days.

The Tax Court dismissed Slater's complaint for lack of subject matter jurisdiction, thereby denying Slater's refund claim. The Appellate Division affirmed, stating that Taxation's claims "were not discharged or deemed dischargeable in the bankruptcy proceeding and, because plaintiff's petition was dismissed, the order expunging the Director's claims was vacated as a matter of law. See 11 U.S.C.A. §349. Plaintiff was therefore mistaken in his belief that the Director's claims were disposed of in the bankruptcy proceeding and, because he did not file his claim for a refund on a timely basis, it was properly dismissed." Slater petitioned higher courts but both the New Jersey Supreme Court and United States Supreme Court declined to hear Slater's appeal.

## New Jersey Division of Taxation

# APPENDICES

# 2013 General and Effective Property Tax Rates By Municipality

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Atlantic** | | |
| Absecon City | 3.043 | 2.778 |
| Atlantic City | 2.542 | 3.041 |
| Brigantine City | 1.308 | 1.589 |
| Buena Borough | 2.700 | 2.778 |
| Buena Vista Township | 2.216 | 2.259 |
| Corbin City | 2.617 | 1.609 |
| Egg Harbor City | 4.128 | 3.644 |
| Egg Harbor Township | 2.813 | 2.732 |
| Estell Manor City | 2.987 | 2.011 |
| Folsom Borough | 3.063 | 1.793 |
| Galloway Township | 2.205 | 2.448 |
| Hamilton Township | 2.527 | 2.466 |
| Hammonton Town | 3.649 | 2.299 |
| Linwood City | 3.973 | 2.955 |
| Longport Borough | 0.897 | 0.818 |
| Margate City | 1.464 | 1.324 |
| Mullica Township | 4.089 | 2.257 |
| Northfield City | 2.814 | 2.910 |
| Pleasantville City | 3.322 | 3.289 |
| Port Republic City | 3.481 | 2.001 |
| Somers Point City | 4.650 | 2.461 |
| Ventnor City | 1.989 | 2.047 |
| Weymouth Township | 3.527 | 2.148 |
| **Bergen** | | |
| Allendale Borough | 2.357 | 2.170 |
| Alpine Borough | 0.724 | 0.616 |
| Bergenfield Borough | 3.031 | 3.011 |
| Bogota Borough | 3.531 | 3.191 |
| Carlstadt Borough | 1.982 | 1.973 |
| Cliffside Park Borough | 2.181 | 2.007 |
| Closter Borough | 2.102 | 2.124 |
| Cresskill Borough | 2.413 | 2.097 |
| Demarest Borough | 2.348 | 2.119 |
| Dumont Borough | 3.248 | 2.856 |
| Elmwood Park Borough | 2.636 | 2.498 |
| East Rutherford Borough | 1.845 | 1.524 |
| Edgewater Borough | 1.626 | 1.375 |
| Emerson Borough | 2.443 | 2.303 |
| Englewood City | 2.477 | 2.189 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| Englewood Cliffs Bor. | 0.849 | 0.890 |
| Fair Lawn Borough | 2.989 | 2.724 |
| Fairview Borough | 2.781 | 2.539 |
| Fort Lee Borough | 2.123 | 2.009 |
| Franklin Lakes Borough | 1.557 | 1.465 |
| Garfield City | 2.522 | 2.468 |
| Glen Rock Borough | 2.680 | 2.492 |
| Hackensack City | 3.217 | 2.840 |
| Harrington Park Borough | 2.495 | 2.438 |
| Hasbrouck Heights Bor. | 2.836 | 2.562 |
| Haworth Borough | 2.699 | 2.172 |
| Hillsdale Borough | 2.569 | 2.445 |
| Ho Ho Kus Borough | 1.914 | 1.763 |
| Leonia Borough | 2.488 | 2.584 |
| Little Ferry Borough | 2.561 | 2.319 |
| Lodi Borough | 3.180 | 2.946 |
| Lyndhurst Township | 2.631 | 2.465 |
| Mahwah Township | 1.664 | 1.518 |
| Maywood Borough | 2.744 | 2.443 |
| Midland Park Borough | 2.719 | 2.412 |
| Montvale Borough | 2.097 | 1.936 |
| Moonachie Borough | 1.943 | 2.171 |
| New Milford Borough | 3.086 | 2.866 |
| North Arlington Borough | 2.806 | 2.815 |
| Northvale Borough | 2.515 | 2.305 |
| Norwood Borough | 2.249 | 2.083 |
| Oakland Borough | 2.566 | 2.323 |
| Old Tappan Borough | 1.814 | 1.762 |
| Oradell Borough | 2.723 | 2.511 |
| Palisades Park Borough | 1.784 | 1.535 |
| Paramus Borough | 1.726 | 1.576 |
| Park Ridge Borough | 2.375 | 2.181 |
| Ramsey Borough | 2.603 | 2.181 |
| Ridgefield Borough | 2.073 | 1.784 |
| Ridgefield Park Village | 3.385 | 3.018 |
| Ridgewood Village | 2.356 | 2.259 |
| River Edge Borough | 3.132 | 2.722 |
| River Vale Township | 2.229 | 2.331 |
| Rochelle Park Township | 2.114 | 2.292 |
| Rockleigh Borough | 1.006 | 0.879 |
| Rutherford Borough | 2.382 | 2.555 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Bergen** (continued) | | |
| Saddle Brook Township | 2.579 | 2.346 |
| Saddle River Borough | 0.979 | 0.890 |
| South Hackensack Twp. | 2.360 | 2.110 |
| Teaneck Township | 2.486 | 2.694 |
| Tenafly Borough | 2.332 | 2.188 |
| Teterboro Borough | 1.348 | 1.284 |
| Upper Saddle River Bor. | 2.165 | 1.684 |
| Waldwick Borough | 2.454 | 2.544 |
| Wallington Borough | 2.206 | 2.409 |
| Washington Township | 1.898 | 2.050 |
| Westwood Borough | 2.463 | 2.152 |
| Woodcliff Lake Borough | 2.132 | 1.952 |
| Wood-Ridge Borough | 3.600 | 2.353 |
| Wyckoff Township | 1.555 | 1.736 |
| **Burlington** | | |
| Bass River Township | 1.646 | 1.736 |
| Beverly City | 4.004 | 3.864 |
| Bordentown City | 3.025 | 2.874 |
| Bordentown Township | 2.819 | 2.514 |
| Burlington City | 3.174 | 3.062 |
| Burlington Township | 2.708 | 2.664 |
| Chesterfield Township | 2.238 | 2.242 |
| Cinnaminson Township | 2.391 | 2.646 |
| Delanco Township | 2.274 | 2.589 |
| Delran Township | 3.252 | 2.871 |
| Eastampton Township | 2.389 | 2.588 |
| Edgewater Park Township | 2.315 | 2.469 |
| Evesham Township | 2.493 | 2.515 |
| Fieldsboro Borough | 2.491 | 2.500 |
| Florence Township | 2.280 | 2.214 |
| Hainesport Township | 2.076 | 2.005 |
| Lumberton Township | 2.159 | 2.154 |
| Mansfield Township | 2.927 | 2.328 |
| Maple Shade Township | 2.583 | 2.662 |
| Medford Township | 2.856 | 2.724 |
| Medford Lakes Borough | 2.877 | 2.793 |
| Moorestown Township | 2.295 | 2.140 |
| Mount Holly Township | 2.509 | 2.668 |
| Mount Laurel Township | 4.302 | 2.243 |
| New Hanover Township | 2.136 | 1.825 |
| North Hanover Township | 1.873 | 1.832 |
| Palmyra Borough | 3.340 | 3.016 |
| Pemberton Borough | 2.691 | 1.551 |
| Pemberton Township | 3.540 | 1.982 |
| Riverside Township | 3.085 | 2.939 |
| Riverton Borough | 3.137 | 2.931 |
| Shamong Township | 2.430 | 2.296 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| Southampton Township | 2.506 | 2.268 |
| Springfield Township | 2.334 | 2.505 |
| Tabernacle Township | 2.243 | 2.303 |
| Washington Township | 1.153 | 1.305 |
| Westampton Township | 2.121 | 2.117 |
| Willingboro Township | 3.338 | 3.396 |
| Woodland Township | 1.638 | 1.907 |
| Wrightstown Borough | 3.787 | 2.622 |
| **Camden** | | |
| Audubon Borough | 3.005 | 2.941 |
| Audubon Park Borough | 5.404 | 5.351 |
| Barrington Borough | 3.329 | 3.528 |
| Bellmawr Borough | 3.370 | 3.451 |
| Berlin Borough | 2.848 | 2.825 |
| Berlin Township | 5.449 | 3.440 |
| Brooklawn Borough | 2.807 | 2.928 |
| Camden City | 2.667 | 2.633 |
| Cherry Hill Township | 3.452 | 3.275 |
| Chesilhurst Borough | 2.999 | 3.041 |
| Clementon Borough | 3.496 | 3.580 |
| Collingswood Borough | 3.089 | 3.077 |
| Gibbsboro Borough | 4.495 | 3.359 |
| Gloucester City | 5.175 | 3.317 |
| Gloucester Township | 3.135 | 3.300 |
| Haddon Township | 3.271 | 2.978 |
| Haddonfield Borough | 2.747 | 2.808 |
| Haddon Heights Borough | 2.851 | 2.945 |
| Hi-Nella Borough | 3.943 | 3.990 |
| Laurel Springs Borough | 6.984 | 4.374 |
| Lawnside Borough | 3.805 | 3.462 |
| Lindenwold Borough | 4.156 | 4.012 |
| Magnolia Borough | 3.725 | 3.654 |
| Merchantville Borough | 3.580 | 3.593 |
| Mount Ephraim Borough | 6.596 | 3.798 |
| Oaklyn Borough | 3.870 | 3.725 |
| Pennsauken Township | 5.216 | 3.239 |
| Pine Hill Borough | 3.748 | 4.026 |
| Pine Valley Borough | 1.616 | 1.614 |
| Runnemede Borough | 3.660 | 3.580 |
| Somerdale Borough | 3.376 | 3.655 |
| Stratford Borough | 5.832 | 3.636 |
| Tavistock Borough | 1.620 | 1.605 |
| Voorhees Township | 3.415 | 3.165 |
| Waterford Township | 5.453 | 3.161 |
| Winslow Township | 3.128 | 3.091 |
| Woodlynne Borough | 6.601 | 6.155 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Cape May** | | |
| Avalon Borough | 0.526 | 0.496 |
| Cape May City | 0.838 | 0.830 |
| Cape May Point Borough | 0.509 | 0.512 |
| Dennis Township | 1.244 | 1.487 |
| Lower Township | 1.362 | 1.466 |
| Middle Township | 1.650 | 1.558 |
| North Wildwood City | 1.078 | 1.071 |
| Ocean City | 0.842 | 0.876 |
| Sea Isle City | 0.583 | 0.649 |
| Stone Harbor Borough | 0.509 | 0.535 |
| Upper Township | 1.361 | 1.486 |
| West Cape May Borough | 1.067 | 1.053 |
| West Wildwood Borough | 1.278 | 1.350 |
| Wildwood City | 1.971 | 2.042 |
| Wildwood Crest Borough | 1.128 | 1.177 |
| Woodbine Borough | 1.359 | 1.261 |
| **Cumberland** | | |
| Bridgeton City | 5.763 | 3.891 |
| Commercial Township | 2.070 | 2.386 |
| Deerfield Township | 2.992 | 2.683 |
| Downe Township | 1.803 | 1.995 |
| Fairfield Township | 2.212 | 2.229 |
| Greenwich Township | 3.585 | 2.854 |
| Hopewell Township | 3.479 | 2.513 |
| Lawrence Township | 2.213 | 2.268 |
| Maurice River Township | 2.385 | 2.213 |
| Millville City | 3.183 | 2.608 |
| Shiloh Borough | 2.725 | 2.505 |
| Stow Creek Township | 3.660 | 2.454 |
| Upper Deerfield Twp. | 2.548 | 2.585 |
| Vineland City | 2.270 | 2.174 |
| **Essex** | | |
| Belleville Township | 3.480 | 3.204 |
| Bloomfield Township | 3.568 | 3.404 |
| Caldwell Borough | 2.369 | 2.342 |
| Cedar Grove Township | 2.038 | 2.044 |
| East Orange City | 4.724 | 3.435 |
| Essex Fells Township | 1.912 | 1.953 |
| Fairfield Township | 1.937 | 1.847 |
| Glen Ridge Borough | 3.247 | 3.025 |
| Irvington Township | 3.510 | 3.742 |
| Livingston Township | 2.293 | 2.248 |
| Maplewood Township | 3.460 | 3.106 |
| Millburn Township | 1.934 | 1.836 |
| Montclair Township | 3.301 | 2.881 |
| Newark City | 2.953 | 2.482 |
| North Caldwell Borough | 2.166 | 2.080 |
| Nutley Township | 3.203 | 2.931 |
| Orange City | 3.705 | 3.856 |
| Roseland Borough | 2.042 | 1.925 |
| S. Orange Village Twp. | 3.554 | 3.150 |
| Verona Township | 2.801 | 2.611 |
| West Caldwell Township | 2.257 | 2.141 |
| West Orange Township | 3.648 | 3.469 |
| **Gloucester** | | |
| Clayton Borough | 3.370 | 3.221 |
| Deptford Township | 2.679 | 2.561 |
| East Greenwich Township | 2.816 | 2.654 |
| Elk Township | 2.966 | 2.784 |
| Franklin Township | 2.887 | 2.732 |
| Glassboro Borough | 3.267 | 3.251 |
| Greenwich Township | 2.788 | 2.290 |
| Harrison Township | 2.631 | 2.576 |
| Logan Township | 2.105 | 1.873 |
| Mantua Township | 2.965 | 2.866 |
| Monroe Township | 3.129 | 3.360 |
| National Park Borough | 3.692 | 3.746 |
| Newfield Borough | 2.581 | 2.919 |
| Paulsboro Borough | 3.293 | 2.955 |
| Pitman Borough | 3.798 | 3.311 |
| S. Harrison Township | 2.382 | 2.637 |
| Swedesboro Borough | 3.606 | 3.563 |
| Washington Township | 3.174 | 2.966 |
| Wenonah Borough | 3.160 | 3.361 |
| West Deptford Township | 2.630 | 2.653 |
| Westville Borough | 3.478 | 3.746 |
| Woodbury City | 4.317 | 3.962 |
| Woodbury Heights Bor. | 3.746 | 3.668 |
| Woolwich Township | 3.240 | 3.168 |
| **Hudson** | | |
| Bayonne City | 7.339 | 3.167 |
| East Newark Borough | 9.091 | 2.537 |
| Guttenberg Town | 3.483 | 3.082 |
| Harrison Town | 6.694 | 3.076 |
| Hoboken City | 4.798 | 1.465 |
| Jersey City | 7.466 | 2.406 |
| Kearny Town | 9.791 | 3.169 |
| North Bergen Township | 5.147 | 2.715 |
| Secaucus Town | 3.758 | 1.934 |
| Union City | 6.545 | 3.131 |
| Weehawken Township | 4.646 | 2.154 |
| West New York Town | 6.650 | 2.636 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Hunterdon** | | |
| Alexandria Township | 2.113 | 2.220 |
| Bethlehem Township | 2.823 | 2.645 |
| Bloomsbury Borough | 2.213 | 2.384 |
| Califon Borough | 2.841 | 2.996 |
| Clinton Town | 2.966 | 2.815 |
| Clinton Township | 2.440 | 2.400 |
| Delaware Township | 2.403 | 2.099 |
| East Amwell Township | 2.224 | 1.973 |
| Flemington Borough | 2.883 | 2.655 |
| Franklin Township | 2.407 | 2.336 |
| Frenchtown Borough | 2.830 | 2.618 |
| Glen Gardner Borough | 2.862 | 2.445 |
| Hampton Borough | 3.027 | 2.935 |
| High Bridge Borough | 3.324 | 3.367 |
| Holland Township | 1.942 | 2.137 |
| Kingwood Township | 2.103 | 2.022 |
| Lambertville City | 1.846 | 1.790 |
| Lebanon Borough | 2.063 | 2.032 |
| Lebanon Township | 2.574 | 2.124 |
| Milford Borough | 3.115 | 2.927 |
| Raritan Township | 2.311 | 2.280 |
| Readington Township | 2.729 | 2.279 |
| Stockton Borough | 2.122 | 2.118 |
| Tewksbury Township | 2.271 | 1.845 |
| Union Township | 2.684 | 2.234 |
| West Amwell Township | 2.360 | 2.167 |
| **Mercer** | | |
| East Windsor Township | 3.007 | 3.008 |
| Ewing Township | 5.164 | 3.297 |
| Hamilton Township | 4.108 | 2.549 |
| Hightstown Borough | 3.961 | 3.678 |
| Hopewell Borough | 2.404 | 2.621 |
| Hopewell Township | 2.442 | 2.489 |
| Lawrence Township | 4.677 | 2.372 |
| Pennington Borough | 2.443 | 2.480 |
| Princeton | 2.131 | 2.006 |
| Robbinsville Township | 2.744 | 2.872 |
| Trenton City | 5.671 | 4.348 |
| West Windsor Township | 2.487 | 2.444 |
| **Middlesex** | | |
| Carteret Borough | 2.942 | 2.676 |
| Cranbury Township | 1.832 | 1.892 |
| Dunellen Borough | 11.771 | 2.979 |
| East Brunswick Township | 9.600 | 2.527 |
| Edison Township | 4.576 | 2.284 |
| Helmetta Borough | 2.762 | 2.373 |
| Highland Park Borough | 7.166 | 2.820 |
| Jamesburg Borough | 5.481 | 2.858 |
| Metuchen Borough | 5.389 | 2.425 |
| Middlesex Borough | 7.804 | 2.666 |
| Milltown Borough | 4.871 | 2.404 |
| Monroe Township | 4.125 | 2.241 |
| New Brunswick City | 5.579 | 2.213 |
| North Brunswick Twp. | 5.103 | 2.805 |
| Old Bridge Township | 4.421 | 2.173 |
| Perth Amboy City | 2.837 | 2.924 |
| Piscataway Township | 6.634 | 2.403 |
| Plainsboro Township | 2.433 | 2.309 |
| Sayreville Borough | 4.591 | 2.193 |
| South Amboy City | 2.495 | 2.463 |
| South Brunswick Twp. | 4.528 | 2.123 |
| South Plainfield Bor. | 5.387 | 2.063 |
| South River Borough | 6.910 | 2.146 |
| Spotswood Borough | 2.866 | 2.700 |
| Woodbridge Township | 9.390 | 2.620 |
| **Monmouth** | | |
| Aberdeen Township | 2.400 | 2.344 |
| Allenhurst Borough | 0.667 | 0.747 |
| Allentown Borough | 2.738 | 2.710 |
| Asbury Park City | 5.922 | 2.071 |
| Atlantic Highlands Bor. | 2.442 | 2.057 |
| Avon-by-the-Sea Bor. | 1.033 | 1.028 |
| Belmar Borough | 1.929 | 1.240 |
| Bradley Beach Borough | 1.369 | 1.371 |
| Brielle Borough | 1.472 | 1.626 |
| Colts Neck Township | 1.618 | 1.587 |
| Deal Borough | 0.702 | 0.609 |
| Eatontown Borough | 2.225 | 2.178 |
| Englishtown Borough | 1.969 | 2.119 |
| Fair Haven Borough | 2.368 | 1.881 |
| Farmingdale Borough | 1.943 | 2.051 |
| Freehold Borough | 2.343 | 2.417 |
| Freehold Township | 2.293 | 2.127 |
| Hazlet Township | 2.693 | 2.373 |
| Highlands Borough | 2.594 | 2.442 |
| Holmdel Township | 2.059 | 1.911 |
| Howell Township | 2.585 | 2.289 |
| Interlaken Borough | 1.465 | 1.341 |
| Keansburg Borough | 3.382 | 2.981 |
| Keyport Borough | 2.241 | 2.456 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Monmouth** (continued) | | |
| Lake Como Borough | 1.669 | 1.699 |
| Little Silver Borough | 2.244 | 1.927 |
| Loch Arbour Village | 2.032 | 2.068 |
| Long Branch City | 2.043 | 1.832 |
| Manalapan Township | 2.031 | 1.950 |
| Manasquan Borough | 1.627 | 1.290 |
| Marlboro Township | 2.105 | 2.048 |
| Matawan Borough | 2.496 | 2.668 |
| Middletown Township | 2.140 | 2.026 |
| Millstone Township | 2.485 | 2.183 |
| Monmouth Beach Bor. | 1.283 | 1.246 |
| Neptune Township | 2.434 | 1.959 |
| Neptune City Borough | 2.796 | 2.427 |
| Ocean Township | 2.155 | 2.021 |
| Oceanport Borough | 2.063 | 1.844 |
| Red Bank Borough | 1.810 | 2.003 |
| Roosevelt Borough | 2.913 | 2.889 |
| Rumson Borough | 1.608 | 1.404 |
| Sea Bright Borough | 1.802 | 1.269 |
| Sea Girt Borough | 0.775 | 0.765 |
| Shrewsbury Borough | 2.168 | 2.146 |
| Shrewsbury Township | 2.964 | 2.766 |
| Spring Lake Borough | 0.671 | 0.676 |
| Spring Lake Heights Bor. | 1.280 | 1.378 |
| Tinton Falls Borough | 1.960 | 1.888 |
| Union Beach Borough | 3.359 | 2.570 |
| Upper Freehold Township | 2.248 | 2.142 |
| Wall Township | 2.793 | 1.823 |
| West Long Branch Bor. | 2.311 | 2.003 |
| | | |
| **Morris** | | |
| Boonton Town | 2.588 | 2.571 |
| Boonton Township | 1.912 | 1.918 |
| Butler Borough | 3.191 | 2.411 |
| Chatham Borough | 1.868 | 1.669 |
| Chatham Township | 1.704 | 1.579 |
| Chester Borough | 2.538 | 2.329 |
| Chester Township | 2.266 | 2.152 |
| Denville Township | 2.973 | 2.075 |
| Dover Town | 1.987 | 2.190 |
| East Hanover Township | 2.086 | 1.497 |
| Florham Park Borough | 1.348 | 1.461 |
| Hanover Township | 1.658 | 1.487 |
| Harding Township | 1.073 | 0.923 |
| Jefferson Township | 2.542 | 2.501 |
| Kinnelon Borough | 3.041 | 2.312 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| Lincoln Park Borough | 2.486 | 2.435 |
| Long Hill Township | 2.956 | 2.303 |
| Madison Borough | 1.754 | 1.661 |
| Mendham Borough | 1.957 | 1.853 |
| Mendham Township | 1.938 | 1.873 |
| Mine Hill Township | 2.463 | 2.426 |
| Montville Township | 2.157 | 2.005 |
| Morris Township | 2.500 | 1.748 |
| Morris Plains Borough | 2.053 | 1.900 |
| Morristown Town | 2.585 | 2.183 |
| Mountain Lakes Borough | 2.387 | 2.189 |
| Mount Arlington Borough | 2.479 | 2.221 |
| Mount Olive Township | 3.061 | 2.869 |
| Netcong Borough | 2.357 | 2.842 |
| Parsippany-Troy Hills Twp. | 2.601 | 2.220 |
| Pequannock Township | 2.075 | 2.022 |
| Randolph Township | 3.489 | 2.372 |
| Riverdale Borough | 1.814 | 1.646 |
| Rockaway Borough | 2.566 | 2.352 |
| Rockaway Township | 2.912 | 2.665 |
| Roxbury Township | 3.973 | 2.485 |
| Victory Gardens Borough | 2.255 | 2.116 |
| Washington Township | 2.328 | 2.267 |
| Wharton Borough | 2.819 | 2.562 |
| | | |
| **Ocean** | | |
| Barnegat Township | 2.417 | 2.290 |
| Barnegat Light Borough | 0.824 | 0.791 |
| Bay Head Borough | 0.782 | 0.796 |
| Beach Haven Borough | 1.148 | 0.971 |
| Beachwood Borough | 1.768 | 1.948 |
| Berkeley Township | 1.907 | 1.849 |
| Brick Township | 2.025 | 1.906 |
| Eagleswood Township | 2.126 | 2.025 |
| Harvey Cedars Borough | 0.931 | 0.907 |
| Island Heights Borough | 1.728 | 1.705 |
| Jackson Township | 2.040 | 2.045 |
| Lacey Township | 1.647 | 1.777 |
| Lakehurst Borough | 2.138 | 2.014 |
| Lakewood Township | 2.425 | 2.073 |
| Lavallette Borough | 0.921 | 0.796 |
| Little Egg Harbor Twp. | 1.804 | 2.063 |
| Long Beach Township | 0.924 | 0.847 |
| Manchester Township | 2.351 | 2.201 |
| Mantoloking Borough | 0.601 | 0.608 |
| Ocean Township | 1.811 | 1.664 |
| Ocean Gate Borough | 2.020 | 2.125 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Ocean** (continued) | | |
| Pine Beach Borough | 2.008 | 1.866 |
| Plumsted Township | 2.115 | 2.019 |
| Point Pleasant Borough | 1.801 | 1.765 |
| Pt. Pleasant Beach Bor. | 1.444 | 1.357 |
| Seaside Heights Borough | 1.825 | 1.701 |
| Seaside Park Borough | 1.253 | 1.179 |
| Ship Bottom Borough | 1.045 | 0.922 |
| South Toms River Bor. | 2.036 | 2.447 |
| Stafford Township | 2.247 | 2.118 |
| Surf City Borough | 0.929 | 0.869 |
| Toms River Township | 1.967 | 1.765 |
| Tuckerton Borough | 2.185 | 2.085 |
| **Passaic** | | |
| Bloomingdale Borough | 3.850 | 3.502 |
| Clifton City | 4.972 | 2.797 |
| Haledon Borough | 6.374 | 3.577 |
| Hawthorne Borough | 5.284 | 2.743 |
| Little Falls Township | 2.845 | 2.641 |
| North Haledon Borough | 2.730 | 2.422 |
| Passaic City | 7.313 | 2.990 |
| Paterson City | 2.744 | 3.377 |
| Pompton Lakes Borough | 6.532 | 3.459 |
| Prospect Park Borough | 6.217 | 4.387 |
| Ringwood Borough | 3.279 | 2.880 |
| Totowa Borough | 2.103 | 2.315 |
| Wanaque Borough | 3.483 | 3.216 |
| Wayne Township | 4.954 | 2.703 |
| West Milford Township | 3.477 | 3.121 |
| Woodland Park Borough | 2.651 | 2.622 |
| **Salem** | | |
| Alloway Township | 2.479 | 2.508 |
| Carneys Point Township | 2.506 | 2.581 |
| Elmer Borough | 2.666 | 2.790 |
| Elsinboro Township | 2.360 | 2.449 |
| Lower Alloways Crk. Twp. | 1.207 | 0.966 |
| Mannington Township | 2.386 | 2.442 |
| Oldmans Township | 2.509 | 2.101 |
| Penns Grove Borough | 3.671 | 3.746 |
| Pennsville Township | 3.365 | 3.005 |
| Pilesgrove Township | 2.414 | 2.612 |
| Pittsgrove Township | 2.872 | 2.716 |
| Quinton Township | 2.481 | 2.475 |
| Salem City | 3.823 | 3.951 |
| Upper Pittsgrove Twp. | 2.148 | 2.373 |
| Woodstown Borough | 2.798 | 2.906 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Somerset** | | |
| Bedminster Township | 1.357 | 1.284 |
| Bernards Township | 1.953 | 1.893 |
| Bernardsville Borough | 1.789 | 1.720 |
| Bound Brook Borough | 2.779 | 2.886 |
| Branchburg Township | 2.153 | 2.101 |
| Bridgewater Township | 2.051 | 1.917 |
| Far Hills Borough | 1.297 | 1.256 |
| Franklin Township | 2.201 | 2.183 |
| Green Brook Township | 2.517 | 2.369 |
| Hillsborough Township | 2.221 | 2.046 |
| Manville Borough | 2.293 | 2.627 |
| Millstone Borough | 2.515 | 2.435 |
| Montgomery Township | 2.784 | 2.238 |
| North Plainfield Borough | 3.119 | 3.325 |
| Peapack & Gladstone Bor. | 1.901 | 1.808 |
| Raritan Borough | 2.295 | 2.191 |
| Rocky Hill Borough | 2.063 | 1.958 |
| Somerville Borough | 3.241 | 3.113 |
| South Bound Brook Bor. | 2.988 | 3.286 |
| Warren Township | 2.017 | 1.977 |
| Watchung Borough | 2.069 | 2.011 |
| **Sussex** | | |
| Andover Borough | 4.062 | 2.428 |
| Andover Township | 3.369 | 2.841 |
| Branchville Borough | 2.098 | 1.888 |
| Byram Township | 3.272 | 2.999 |
| Frankford Township | 2.527 | 2.307 |
| Franklin Borough | 2.919 | 3.007 |
| Fredon Township | 2.671 | 2.486 |
| Green Township | 3.120 | 2.932 |
| Hamburg Borough | 4.324 | 3.074 |
| Hampton Township | 3.921 | 2.364 |
| Hardyston Township | 2.374 | 2.309 |
| Hopatcong Borough | 3.096 | 2.800 |
| Lafayette Township | 2.678 | 2.517 |
| Montague Township | 3.787 | 2.451 |
| Newton Town | 3.397 | 3.434 |
| Ogdensburg Borough | 2.712 | 3.001 |
| Sandyston Township | 2.007 | 2.266 |
| Sparta Township | 3.745 | 2.659 |
| Stanhope Borough | 3.655 | 3.323 |
| Stillwater Township | 4.755 | 2.518 |
| Sussex Borough | 2.930 | 2.834 |
| Vernon Township | 2.629 | 2.649 |
| Walpack Township | 0.596 | 0.490 |
| Wantage Township | 2.168 | 2.472 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Union** | | |
| Berkeley Heights Twp. | 3.701 | 2.041 |
| Clark Township | 7.747 | 2.319 |
| Cranford Township | 5.612 | 2.302 |
| Elizabeth City | 23.898 | 3.150 |
| Fanwood Borough | 12.672 | 2.629 |
| Garwood Borough | 8.792 | 2.507 |
| Hillside Township | 7.159 | 3.689 |
| Kenilworth Borough | 4.382 | 2.364 |
| Linden City | 5.935 | 2.979 |
| Mountainside Borough | 6.443 | 1.849 |
| New Providence Borough | 4.442 | 2.296 |
| Plainfield City | 7.214 | 3.407 |
| Rahway City | 6.047 | 3.086 |
| Roselle Borough | 7.713 | 4.428 |
| Roselle Park Borough | 12.406 | 3.332 |
| Scotch Plains Township | 9.656 | 2.478 |
| Springfield Township | 6.371 | 2.603 |
| Summit City | 4.062 | 1.835 |
| Union Township | 17.600 | 2.829 |
| Westfield Town | 8.183 | 2.136 |
| Winfield Township | 213.257 | 17.869 |

| County | General Tax Rate | Effective Tax Rate |
|---|---|---|
| **Warren** | | |
| Allamuchy Township | 2.616 | 2.488 |
| Alpha Borough | 2.955 | 2.994 |
| Belvidere Town | 5.229 | 3.377 |
| Blairstown Township | 2.168 | 2.083 |
| Franklin Township | 2.817 | 2.929 |
| Frelinghuysen Township | 2.351 | 2.103 |
| Greenwich Township | 2.716 | 2.325 |
| Hackettstown Town | 2.611 | 2.782 |
| Hardwick Township | 2.906 | 2.353 |
| Harmony Township | 2.346 | 2.037 |
| Hope Township | 2.333 | 2.510 |
| Independence Township | 2.167 | 2.470 |
| Knowlton Township | 3.178 | 2.539 |
| Liberty Township | 2.885 | 2.761 |
| Lopatcong Township | 2.686 | 2.566 |
| Mansfield Township | 3.136 | 2.773 |
| Oxford Township | 2.838 | 2.919 |
| Phillipsburg Town | 2.762 | 2.840 |
| Pohatcong Township | 3.490 | 3.319 |
| Washington Borough | 4.625 | 3.604 |
| Washington Township | 3.185 | 2.760 |
| White Township | 1.934 | 1.969 |

# Abstract of Ratables and Exemptions 2013

| | Col. 1 | | Col. 2 | Col. 3 | Col. 4 |
|---|---|---|---|---|---|
| | TAXABLE VALUE | | | | |
| 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) | Net Total Taxable Value of Land and Improvements (Col. 2 – 3) |
| **Atlantic** | $ 19,999,025,586 | $ 23,315,091,099 | $ 43,314,116,685 | $ 11,618,300 | $ 43,302,498,385 |
| **Bergen** | 79,070,936,935 | 75,056,059,970 | 154,126,996,905 | 6,375,945 | 154,120,620,960 |
| **Burlington** | 13,705,328,893 | 27,916,268,246 | 41,621,597,139 | 37,784,830 | 41,583,812,309 |
| **Camden** | 10,959,488,308 | 23,912,345,037 | 34,871,833,345 | 38,140,427 | 34,833,692,918 |
| **Cape May** | 32,516,664,200 | 16,083,105,700 | 48,599,769,900 | | 48,599,769,900 |
| **Cumberland** | 2,171,613,000 | 6,298,252,100 | 8,469,865,100 | 21,028,400 | 8,448,836,700 |
| **Essex** | 33,393,455,610 | 44,332,530,617 | 77,725,986,227 | 137,482,900 | 77,588,503,327 |
| **Gloucester** | 6,996,053,000 | 18,312,744,200 | 25,308,797,200 | 14,187,880 | 25,294,609,320 |
| **Hudson** | 7,634,490,772 | 14,514,444,032 | 22,148,934,804 | 83,231,164 | 22,065,703,640 |
| **Hunterdon** | 7,640,126,422 | 12,082,667,008 | 19,722,793,430 | 8,474,800 | 19,714,318,630 |
| **Mercer** | 13,896,605,706 | 20,815,010,940 | 34,711,616,646 | 57,168,700 | 34,654,447,946 |
| **Middlesex** | 17,033,764,150 | 30,525,890,327 | 47,559,654,477 | 74,356,400 | 47,485,298,077 |
| **Monmouth** | 51,255,570,350 | 50,800,986,770 | 102,056,557,120 | 22,547,700 | 102,034,009,420 |
| **Morris** | 36,739,561,118 | 42,293,636,447 | 79,033,197,565 | 6,896,500 | 79,026,301,065 |
| **Ocean** | 45,721,213,528 | 40,374,012,651 | 86,095,226,179 | 667,400 | 86,094,558,779 |
| **Passaic** | 16,055,785,415 | 19,424,983,959 | 35,480,769,374 | 3,154,400 | 35,477,614,974 |
| **Salem** | 1,601,420,634 | 3,707,168,639 | 5,308,589,273 | | 5,308,589,273 |
| **Somerset** | 22,324,519,600 | 32,120,839,931 | 54,445,359,531 | 5,291,500 | 54,440,068,031 |
| **Sussex** | 6,418,378,016 | 9,337,986,637 | 15,756,364,653 | | 15,756,364,653 |
| **Union** | 9,606,230,050 | 13,893,002,814 | 23,499,232,864 | 5,817,100 | 23,493,415,764 |
| **Warren** | 3,521,527,913 | 7,204,887,387 | 10,726,415,300 | 12,465,700 | 10,713,949,600 |
| **TOTALS** | $438,261,759,206 | $532,321,914,511 | $970,583,673,717 | $546,690,046 | $970,036,983,671 |

# Abstract of Ratables and Exemptions 2013 (continued)

| | Col. 5 | Col. 6 | Col. 7 | Col. 8 | Col. 9 | | Col. 10 |
|---|---|---|---|---|---|---|---|
| | | | | | TRUE VALUE | | EQUALIZATION |
| COUNTY | Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies | Net Valuation Taxable (Col. 4 + 5) | General Tax Rate to Apply per $100 Valuation | County Equalization Table—Average Ratio of Assessed to True Value of Real Property (R.S. 54:3-17 to R.S. 54:3-19) | (a) U.E.Z. Abatement Expired | (b) Class II Railroad Property (C.139, L. 1966) | (a) Amounts Deducted Under R.S. 54:3-17 to R.S. 54:3-19 |
| Atlantic | $ 62,953,342 | $ 43,365,451,727 | | | | | $ 3,594,326,482 |
| Bergen | 129,981,494 | 154,250,602,454 | | | | | 1,917,861,173 |
| Burlington | 80,776,610 | 41,664,588,919 | | | | | 587,807,295 |
| Camden | 108,247,043 | 34,941,939,961 | | | | | 430,049,227 |
| Cape May | 30,901,138 | 48,630,671,038 | | | | | 2,046,559,581 |
| Cumberland | 26,680,162* | 8,469,548,762 | | | | | 74,841,673 |
| Essex | 180,283,784 | 77,768,787,111 | | | | | 261,643,087 |
| Gloucester | 151,702,325 | 25,446,311,645 | | | | | 301,775,654 |
| Hudson | 43,049,087 | 22,108,752,727 | | | | | |
| Hunterdon | 46,999,001 | 19,761,317,631 | | | | | 129,629,208 |
| Mercer | 89,984,613 | 34,744,432,559 | | | $1,745,476 | | 224,394,175 |
| Middlesex | 118,632,836 | 47,603,930,913 | | | | | 146,528,342 |
| Monmouth | 93,754,120 | 102,127,763,540 | | | | | 737,885,771 |
| Morris | 61,429,260 | 79,087,730,325 | | | | | 451,902,183 |
| Ocean | 114,843,173 | 86,209,401,952 | | | | | 878,207,727 |
| Passaic | 38,786,512 | 35,516,401,486 | | | | | 1,810,098,264 |
| Salem | 12,998,506 | 5,321,587,779 | | | | | 130,454,712 |
| Somerset | 87,875,508 | 54,527,943,539 | | | | | 309,609,368 |
| Sussex | 27,844,569 | 15,784,209,222 | | | | | 266,400,345 |
| Union | 35,834,521 | 23,529,250,285 | | | | | |
| Warren | 25,834,841 | 10,739,784,441 | | | | | 229,766,913 |
| TOTALS | $1,569,392,445 | $971,600,408,016 | | | $1,745,476 | | $14,529,741,180 |

* Includes Cumberland County, Millville City Revenue Allocation District $5,968,100

# Abstract of Ratables and Exemptions 2013 (continued)

| | Col. 10 | Col. 11 | Col. 12—APPORTIONMENT OF TAXES | | | | |
|---|---|---|---|---|---|---|---|
| | | | Section A County Taxes | | | | |
| | | | I | II ADJUSTMENTS RESULTING FROM | | | |
| | EQUALIZATION | | | County Equalization Table Appeals (R.S. 54:51A-4) | | Appeals and Corrected Errors (R.S. 54:4-49; R.S. 54:4-53) | |
| COUNTY | (b) Amounts Added Under R.S. 54:3-17 to R.S. 54:3-19 and N.J.S.A. 54:11D-7 | Net Valuation on Which County Taxes Are Apportioned (Col. 6 – 9(a) + 9(b) – 10(a) + 10(b)) | Total County Taxes Apportioned (Including Total Net Adjustments) | (a) Deduct Overpayment | (b) Add Underpayment | (c) Deduct Overpayment | (d) Add Underpayment |
| **Atlantic** | $ 2,727,757,570 | $ 42,498,882,815 | $ 173,971,389.71 | | | $18,373,307.81 | |
| **Bergen** | 12,676,192,979 | 165,008,934,260 | 374,982,940.44 | | | 3,961,226.44 | |
| **Burlington** | 5,252,330,155 | 46,329,111,779 | 154,712,839.38 | | | 1,630,061.55 | |
| **Camden** | 3,017,079,671 | 37,528,970,405 | 286,982,899.00 | | | 1,427,042.00 | |
| **Cape May** | 602,372,414 | 47,186,483,871 | 97,048,439.50 | | | 567,262.50 | |
| **Cumberland** | 869,299,583 | 9,264,006,672 | 85,958,747.48 | | | 532,101.48 | |
| **Essex** | 7,184,322,346 | 84,691,466,370 | 405,034,727.49 | | | 6,465,422.66 | |
| **Gloucester** | 1,223,232,370 | 26,367,768,361 | 148,587,283.55 | | | 6,617,283.55 | |
| **Hudson** | 34,100,450,964 | 56,209,203,691 | 305,079,974.69 | | | 4,759,174.69 | |
| **Hunterdon** | 1,663,775,859 | 21,295,464,282 | 64,273,540.69 | | | 121,600.05 | $ 3,059.36 |
| **Mercer** | 7,833,822,198 | 42,352,115,106 | 244,790,823.98 | | | 1,137,779.15 | 156,850.17 |
| **Middlesex** | 49,073,665,444 | 96,531,068,015 | 340,692,476.87 | | | 4,007,476.87 | |
| **Monmouth** | 10,525,726,032 | 111,915,603,801 | 304,262,705.43 | | | 1,787,705.43 | |
| **Morris** | 12,144,405,547 | 90,780,233,689 | 219,118,597.93 | | | 1,215,567.98 | |
| **Ocean** | 5,831,876,305 | 91,163,070,530 | 299,371,121.61 | | | 2,573,362.61 | |
| **Passaic** | 13,368,099,838 | 47,074,403,060 | 313,736,865.45 | | | 2,941,629.45 | |
| **Salem** | 262,513,271 | 5,453,646,338 | 51,568,309.48 | | | 212,067.99 | |
| **Somerset** | 2,870,728,956 | 57,089,063,127 | 174,970,531.73 | | | 690,075.73 | |
| **Sussex** | 2,254,103,649 | 17,771,912,526 | 80,021,481.30 | | | 486,249.30 | |
| **Union** | 42,432,360,806 | 65,961,611,091 | 320,169,991.83 | | | 2,625,793.83 | |
| **Warren** | 802,233,617 | 11,312,251,145 | 69,943,590.55 | | | 986,234.55 | |
| **TOTALS** | $216,716,349,574 | $1,173,785,270,934 | $4,515,279,278.09 | | | $63,118,425.62 | $159,909.53 |

# Abstract of Ratables and Exemptions 2013 (continued)

| COUNTY | Section A County Taxes — 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)) | Section B — (a) County Library Taxes | (b) County Health Service Taxes | (c) County Open Space Taxes |
|---|---|---|---|---|---|---|
| | Col. 12—APPORTIONMENT OF TAXES | | | | | |
| Atlantic | $ 155,598,081.90 | | $ 155,598,081.90 | $ 7,904,000.00 | $ 6,200,469.00 | $ 2,124,944.14 |
| Bergen | 371,021,714.00 | | 371,021,714.00 | | | 4,125,223.36 |
| Burlington | 153,082,777.83 | | 153,082,777.83 | 10,186,371.00 | | 6,739,097.00 |
| Camden | 285,555,857.00 | | 285,555,857.00 | 9,503,173.00 | | 7,505,794.00 |
| Cape May | 96,481,177.00 | | 96,481,177.00 | 8,314,126.26 | | 4,718,648.39 |
| Cumberland | 85,426,646.00 | | 85,426,646.00 | | 2,369,580.00 | 926,400.67 |
| Essex | 398,569,304.83 | | 398,569,304.83 | | | 12,703,729.05 |
| Gloucester | 141,970,000.00 | | 141,970,000.00 | 4,476,556.00 | | 10,547,107.00 |
| Hudson | 300,320,800.00 | | 300,320,800.00 | | | 1,124,123.76 |
| Hunterdon | 64,155,000.00 | | 64,155,000.00 | 6,015,000.00 | | 6,385,000.00 |
| Mercer | 243,809,895.00 | | 243,809,895.00 | 13,681,047.00 | | 8,432,659.27 |
| Middlesex | 336,685,000.00 | | 336,685,000.00 | | | 28,580,560.00 |
| Monmouth | 302,475,000.00 | | 302,475,000.00 | 13,585,000.00 | 2,250,000.00 | 16,787,340.00 |
| Morris | 217,903,029.95 | | 217,903,029.95 | | | 10,212,776.29 |
| Ocean | 296,797,759.00 | | 296,797,759.00 | 33,325,872.00 | 10,221,800.00 | 10,939,568.00 |
| Passaic | 310,795,236.00 | | 310,795,236.00 | | | 4,707,440.31 |
| Salem | 51,356,241.49 | | 51,356,241.49 | | | 1,090,729.27 |
| Somerset | 174,280,456.00 | | 174,280,456.00 | 15,254,959.00 | | 17,122,732.27 |
| Sussex | 79,535,232.00 | $200.00 | 79,535,032.00 | 4,324,865.00 | 2,231,827.00 | 395,000.40 |
| Union | 317,544,198.00 | | 317,544,198.00 | | | 9,894,241.66 |
| Warren | 68,957,356.00 | | 68,957,356.00 | 4,292,636.00 | | 5,090,513.02 |
| TOTALS | $4,452,320,762.00 | $200.00 | $4,452,320,562.00 | $130,863,605.26 | $23,273,676.00 | $170,153,627.86 |

# Abstract of Ratables and Exemptions 2013 (continued)

Col. 12—APPORTIONMENT OF TAXES

## Section C
## Local Taxes to be Raised for

| COUNTY | I DISTRICT SCHOOL PURPOSES (a) District School Budget (Adjusted by Addendum 1(b)) | (b) Regional Consolidated and Joint School Budgets | (c) Local School Budget | II LOCAL MUNICIPAL PURPOSES (a) Local Municipal Budget (Adjusted by Addendum 1(c)) | (b) Local Municipal Open Space |
|---|---|---|---|---|---|
| Atlantic | $ 384,407,804.00 | $ 63,418,050.00 | $ 5,628,586.51 | $ 392,873,222.81 | $ 840,842.00 |
| Bergen | 1,733,631,203.00 | 272,801,448.00 | | 1,065,348,586.31 | 3,899,797.97 |
| Burlington | 546,021,409.00 | 176,876,772.00 | | 233,692,281.32 | 8,467,244.97 |
| Camden | 546,755,386.00 | 61,404,376.00 | | 289,813,805.28 | 2,784,226.09 |
| Cape May | 131,673,810.00 | 19,460,616.00 | | 181,004,347.82 | |
| Cumberland | 60,200,937.00 | 7,842,389.00 | | 66,674,780.90 | |
| Essex | 826,412,382.50 | 178,677,564.00 | 14,015,269.00 | 811,825,910.48 | 2,467,916.05 |
| Gloucester | 351,276,422.00 | 62,374,613.00 | | 181,652,869.56 | 2,469,566.80 |
| Hudson | 395,978,109.00 | | 18,889,750.00 | 614,990,570.66 | 602,046.00 |
| Hunterdon | 212,446,668.00 | 121,985,230.00 | | 64,570,796.78 | 4,618,561.95 |
| Mercer | 344,603,895.00 | 216,351,038.00 | 1,979,054.00 | 276,413,014.17 | 5,602,175.97 |
| Middlesex | 1,320,833,012.00 | 882,862.44 | | 577,925,096.35 | 5,856,075.89 |
| Monmouth | 886,190,218.00 | 334,509,776.00 | | 503,443,379.52 | 11,364,981.60 |
| Morris | 889,795,131.00 | 273,756,617.00 | | 435,709,543.58 | 10,349,691.75 |
| Ocean | 517,729,252.00 | 212,237,002.00 | 5,641,280.00 | 431,195,792.98 | 6,160,624.28 |
| Passaic | 528,851,382.00 | 50,382,558.00 | | 458,810,784.02 | 1,968,995.00 |
| Salem | 48,489,909.00 | 20,717,791.00 | | 24,104,685.21 | 336,121.46 |
| Somerset | 416,639,403.00 | 336,907,071.00 | | 209,282,832.29 | 13,634,906.03 |
| Sussex | 200,140,903.00 | 84,863,478.00 | | 102,120,401.93 | 701,265.19 |
| Union | 719,265,415.50 | 77,512,101.00 | 4,291,118.00 | 574,372,399.20 | 230,054.33 |
| Warren | 116,543,206.00 | 44,187,386.00 | | 54,207,410.99 | 2,028,855.44 |
| TOTALS | $11,177,885,857.00 | $2,617,148,738.44 | $50,445,057.51 | $7,550,032,512.16 | $84,383,948.77 |

# Abstract of Ratables and Exemptions 2013 (continued)

| | Col. 12 | | Col. 13 | | |
|---|---|---|---|---|---|
| | Section C Local Taxes to be Raised for | Section D | REAL PROPERTY EXEMPT FROM TAXATION | | |
| | II LOCAL MUNICIPAL PURPOSES | Total Tax Levy on Which Tax Rate is Computed | | | |
| COUNTY | (c) Local Municipal Library | (Cols. AV + B(a), (b), (c) + CI(a), (b), (c) + CII(a), (b), (c)) | (a) Public School Property | (b) Other School Property | (c) Public Property |
| Atlantic | $ 7,241,624.20 | $ 1,026,237,624.56 | $ 1,160,959,670 | $ 61,576,900 | $ 3,282,696,400 |
| Bergen | 49,485,712.85 | 3,500,313,685.49 | 3,009,946,800 | 893,695,100 | 9,103,395,600 |
| Burlington | 4,199,517.80 | 1,139,265,470.92 | 1,415,183,610 | 141,849,995 | 2,582,306,304 |
| Camden | 5,349,701.86 | 1,208,672,319.23 | 1,902,571,880 | 111,604,400 | 1,773,253,491 |
| Cape May | 6,424,756.11 | 448,077,481.58 | 395,790,700 | 36,337,300 | 2,535,292,000 |
| Cumberland | 1,550,943.69 | 224,991,677.26 | 425,357,000 | 45,811,800 | 1,099,540,200 |
| Essex | 27,290,182.77 | 2,271,962,258.68 | 2,978,719,072 | 1,910,968,446 | 8,444,319,942 |
| Gloucester | 5,436,066.68 | 760,203,201.04 | 1,115,773,100 | 274,839,200 | 854,170,700 |
| Hudson | 18,002,018.34 | 1,349,907,417.76 | 769,679,100 | 388,016,400 | 2,353,038,380 |
| Hunterdon | 440,004.47 | 480,616,261.20 | 396,288,544 | 2,085,500 | 992,798,376 |
| Mercer | 6,259,390.63 | 1,117,132,169.04 | 911,950,952 | 2,284,879,700 | 2,972,925,490 |
| Middlesex | 32,107,820.59 | 2,302,870,427.27 | 1,509,358,022 | 1,298,338,790 | 1,961,328,930 |
| Monmouth | 11,215,212.10 | 2,081,820,907.22 | 1,909,062,300 | 412,146,600 | 4,792,381,237 |
| Morris | 25,570,682.64 | 1,863,297,472.21 | 1,360,823,700 | 423,997,700 | 3,437,284,800 |
| Ocean | 651,960.00 | 1,524,900,910.26 | 1,412,596,900 | 395,501,900 | 5,124,203,350 |
| Passaic | 15,261,508.76 | 1,370,777,904.09 | 1,163,093,900 | 285,037,100 | 2,793,460,180 |
| Salem | 73,385.00 | 146,168,862.43 | 203,902,300 | 11,838,500 | 272,738,200 |
| Somerset | 7,414,519.84 | 1,190,536,879.43 | 923,693,696 | 128,535,794 | 1,618,333,094 |
| Sussex | 1,105,442.00 | 475,418,214.52 | 360,033,100 | 38,584,100 | 1,034,454,076 |
| Union | 21,902,903.46 | 1,725,012,431.15 | 679,220,800 | 224,775,400 | 1,479,956,300 |
| Warren | 936,708.89 | 296,244,072.34 | 244,080,658 | 95,137,100 | 420,952,698 |
| TOTALS | $247,920,062.68 | $26,504,427,647.68 | $24,248,085,804 | $9,465,557,725 | $58,928,829,748 |

# Abstract of Ratables and Exemptions 2013 (continued)

| | Col. 13 | | | | Col. 14 |
|---|---|---|---|---|---|
| | REAL PROPERTY EXEMPT FROM TAXATION | | | | AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE 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 | $ 555,849,790 | $ 30,172,100 | $ 2,973,315,981 | $ 8,064,570,841 | $ 16,016,743.00 |
| Bergen | 1,733,367,100 | 755,914,100 | 3,361,330,400 | 18,857,649,100 | 77,323,913.00 |
| Burlington | 943,078,265 | 27,582,465 | 1,119,444,835 | 6,229,445,474 | 38,679,312.06 |
| Camden | 1,471,129,890 | 85,523,450 | 1,771,298,300 | 7,115,381,411 | 34,366,000.07 |
| Cape May | 525,785,700 | 7,847,600 | 512,157,800 | 4,013,211,100 | 17,788,500.00 |
| Cumberland | 260,951,200 | 7,067,500 | 422,359,200 | 2,261,086,900 | 8,440,075.76 |
| Essex | 2,526,534,286 | 205,776,200 | 3,310,240,285 | 19,376,558,231 | 43,608,806.68 |
| Gloucester | 523,336,600 | 19,698,000 | 577,297,100 | 3,365,114,700 | 23,000,646.05 |
| Hudson | 507,403,790 | 67,642,500 | 5,444,019,924 | 9,529,800,094 | 48,552,003.00 |
| Hunterdon | 234,334,140 | 13,704,900 | 210,279,726 | 1,849,491,186 | 13,569,758.26 |
| Mercer | 562,584,701 | 34,219,400 | 963,075,310 | 7,729,635,553 | 28,040,886.81 |
| Middlesex | 1,035,813,491 | 136,043,700 | 2,063,759,108 | 8,004,642,041 | 54,808,034.43 |
| Monmouth | 1,146,673,500 | 158,868,700 | 2,328,709,100 | 10,747,841,437 | 64,223,974.58 |
| Morris | 1,092,145,700 | 72,833,800 | 890,383,000 | 7,277,468,700 | 148,819,266.45 |
| Ocean | 845,871,493 | 38,031,300 | 948,814,262 | 8,765,019,205 | 43,409,090.49 |
| Passaic | 872,956,400 | 131,251,600 | 919,696,953 | 6,165,496,133 | 20,764,810.00 |
| Salem | 127,623,621 | 3,943,800 | 216,696,445 | 836,742,866 | 6,900,091.31 |
| Somerset | 528,767,800 | 35,552,800 | 840,108,232 | 4,074,991,416 | 42,391,768.66 |
| Sussex | 241,498,705 | 6,924,100 | 227,502,500 | 1,908,996,581 | 13,410,673.92 |
| Union | 665,671,200 | 114,996,200 | 889,452,300 | 4,054,072,200 | 66,742,805.50 |
| Warren | 204,574,950 | 9,729,100 | 271,999,278 | 1,246,473,784 | 12,132,932.44 |
| TOTALS | $16,605,952,322 | $1,963,323,315 | $30,261,940,039 | $141,473,688,953 | $822,990,092.47 |

# Abstract of Ratables and Exemptions 2013 (continued)

| | Col. 14 | | | Col. 15 | |
|---|---|---|---|---|---|
| | AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET | | | DEDUCTIONS ALLOWED | |
| COUNTY | (b) Miscellaneous Revenues Anticipated | (c) Receipts from Delinquent Tax and Liens | (d) Total of Miscellaneous Revenues (Cols. a + b + c) | (a) Full Estimated Amount of Senior Citizen, Totally Disabled and Surviving Spouse Deductions Allowed | (b) Veterans Deductions |
| **Atlantic** | $ 112,321,242.25 | $ 11,341,822.00 | $ 139,679,807.25 | $ 579,500 | $ 1,918,500 |
| **Bergen** | 257,069,209.07 | 39,759,886.79 | 374,153,008.86 | 1,353,500 | 5,684,125 |
| **Burlington** | 105,006,004.51 | 16,451,912.39 | 160,137,228.96 | 914,625 | 4,279,250 |
| **Camden** | 228,501,379.52 | 15,153,624.50 | 278,021,004.09 | 1,674,000 | 3,507,500 |
| **Cape May** | 76,126,892.72 | 6,166,870.00 | 100,082,262.72 | 275,575 | 1,203,650 |
| **Cumberland** | 50,773,611.91 | 4,619,275.00 | 63,832,962.67 | 634,125 | 991,000 |
| **Essex** | 619,446,761.22 | 41,668,039.72 | 704,723,607.62 | 613,750 | 2,268,500 |
| **Gloucester** | 74,456,333.23 | 13,674,682.00 | 111,131,661.28 | 817,750 | 2,539,125 |
| **Hudson** | 534,803,286.74 | 7,804,466.00 | 591,159,755.74 | 704,750 | 1,174,250 |
| **Hunterdon** | 35,507,287.31 | 7,578,621.39 | 56,655,666.96 | 133,500 | 899,750 |
| **Mercer** | 238,833,386.94 | 7,529,216.08 | 274,403,489.83 | 624,375 | 2,157,750 |
| **Middlesex** | 294,667,620.10 | 13,002,456.10 | 362,478,110.63 | 1,365,250 | 4,871,250 |
| **Monmouth** | 225,781,110.73 | 24,934,353.75 | 314,939,439.06 | 757,000 | 4,252,500 |
| **Morris** | 18,401,572.52 | 224,504,620.97 | 391,725,459.94 | 589,500 | 3,177,750 |
| **Ocean** | 194,764,778.77 | 27,549,941.65 | 265,723,810.91 | 2,591,500 | 7,950,000 |
| **Passaic** | 181,640,326.03 | 14,568,689.97 | 216,973,826.00 | 712,250 | 2,269,500 |
| **Salem** | 30,932,791.85 | 5,100,600.00 | 42,933,483.16 | 198,000 | 663,250 |
| **Somerset** | 86,525,753.67 | 11,738,610.92 | 140,656,133.25 | 374,437 | 1,776,000 |
| **Sussex** | 26,594,668.02 | 9,388,720.00 | 49,394,061.94 | 258,000 | 1,223,250 |
| **Union** | 206,345,745.44 | 26,126,629.00 | 299,215,179.94 | 932,250 | 2,704,750 |
| **Warren** | 30,082,114.55 | 6,210,358.00 | 48,425,404.99 | 224,000 | 903,500 |
| **TOTALS** | $3,628,581,877.10 | $534,873,396.23 | $4,986,445,365.80 | $16,327,637 | $56,415,150 |

# Abstract of Ratables and Exemptions 2013 (continued)

| | Col. 16 | Addendum 1 | | | Addendum 2 | | |
|---|---|---|---|---|---|---|---|
| | | STATE AID ADJUSTMENT FOR BUSINESS PERSONAL PROPERTY TAX | | | REGIONAL EFFICIENCY AID PROGRAM (R.E.A.P.) DISTRIBUTION SUMMARY | | |
| 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 | (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 | $ 42,034,939,758 | | $ 104,809 | | | | |
| Bergen | 164,771,174,700 | | | | | | |
| Burlington | 46,182,564,092 | | 95,719 | | | | |
| Camden | 37,950,390,354 | | 350,923 | | | | |
| Cape May | 47,064,453,736 | | 6,962 | | | | |
| Cumberland | 9,143,801,884 | | 24,442 | | | | |
| Essex | 83,546,033,571 | | 1,236,843 | | | | |
| Gloucester | 26,260,919,212 | | 103,571 | | | | |
| Hudson | 55,304,014,877 | | | | $1,046,412,615 | $2,414,000 | |
| Hunterdon | 21,226,971,745 | | | | | | |
| Mercer | 42,115,752,192 | | 41,422 | | | | |
| Middlesex | 95,739,450,550 | | | | | | |
| Monmouth | 111,667,301,873 | | | | | | |
| Morris | 90,408,177,934 | | 386,677 | | | | |
| Ocean | 95,521,047,494 | | 8,673 | | | | |
| Passaic | 45,934,795,534 | | 37,634 | | | | |
| Salem | 5,335,959,774 | | 51,308 | | | | |
| Somerset | 57,965,898,080 | | 142,885 | | | | |
| Sussex | 18,006,352,845 | | | | | | |
| Union | 65,422,463,422 | | | | | | |
| Warren | 11,288,264,779 | | | | | | |
| TOTALS | $1,172,890,728,406 | | $2,591,868 | | $1,046,412,615 | $2,414,000 | |

# 2013 Assessed Value of Partial Exemptions and Abatements
## (Summary Addendum to Abstract of Ratables)

| COUNTY | Pollution Control | Fire Suppression | Fallout Shelter | Water/ Sewage Facility | Renewable Energy | UEZ Abatement | Home Improvement | Multifamily Dwelling | Class 4 Abatement |
|---|---|---|---|---|---|---|---|---|---|
| Atlantic | – | – | – | – | – | – | – | – | – |
| Bergen | – | $ 2,809,645 | – | – | – | – | – | – | – |
| Burlington | $ 1,500,000 | 6,257,000 | $ 2,500 | – | – | $ 1,150,800 | – | – | – |
| Camden | – | 968,400 | – | – | – | 3,509,827 | – | – | – |
| Cape May | – | – | – | – | – | – | – | – | – |
| Cumberland | 2,497,300 | – | – | – | – | 5,324,700 | – | – | – |
| Essex | 458,000 | 816,700 | – | – | – | 116,618,200 | – | – | – |
| Gloucester | 2,311,700 | – | 2,481,300 | – | – | – | – | – | – |
| Hudson | 10,000 | 254,000 | – | $ 2,500,000 | – | – | – | $ 2,872,000 | – |
| Hunterdon | – | 117,200 | – | – | – | – | – | – | – |
| Mercer | – | 16,208,900 | – | – | – | 38,592,200 | – | – | – |
| Middlesex | 9,785,100 | 45,597,700 | – | – | – | – | – | – | – |
| Monmouth | – | 1,820,200 | – | 2,102,400 | – | – | – | – | $ 10,000 |
| Morris | 198,400 | 6,491,200 | – | 151,300 | – | – | – | – | – |
| Ocean | 48,600 | 425,200 | – | – | $ 37,600 | – | – | – | – |
| Passaic | – | 654,800 | – | – | – | – | – | – | – |
| Salem | – | – | – | – | – | – | – | – | – |
| Somerset | – | 1,516,000 | – | – | – | – | $ 17,800 | – | – |
| Sussex | – | – | – | – | – | – | – | – | – |
| Union | – | 130,500 | – | – | – | 5,686,600 | – | – | – |
| Warren | 10,605,000 | 15,200 | – | – | – | – | – | – | – |
| **TOTALS** | $27,414,100 | $84,082,645 | $2,483,800 | $4,753,700 | $37,600 | $170,882,327 | $17,800 | $2,872,000 | $10,000 |

# 2013 Assessed Value of Partial Exemptions and Abatements (continued)

## (Summary Addendum to Abstract of Ratables)

| COUNTY | Dwelling Abatement | Dwelling Exemption | New Dwelling/ Conversion Abatement | New Dwelling/ Conversion Exemption | Multiple Dwelling/ Abatement | Multiple Dwelling/ Exemption | Commercial/ Industrial Exemption | Total Assessed Value (Col. 3 of Abstract) |
|---|---|---|---|---|---|---|---|---|
| **Atlantic** | $ 7,500 | $ 1,701,800 | $ 456,300 | $ 1,694,800 | – | – | $ 7,757,900 | $ 11,618,300 |
| **Bergen** | – | 3,466,300 | – | – | – | – | 100,000 | 6,375,945 |
| **Burlington** | 3,197,970 | 9,926,560 | – | – | – | 15,750,000 | – | 37,784,830 |
| **Camden** | 3,155,600 | 20,104,500 | – | – | – | – | 10,402,100 | 38,140,427 |
| **Cape May** | – | – | – | – | – | – | – | – |
| **Cumberland** | – | 1,827,200 | – | – | – | – | 11,379,200 | 21,028,400 |
| **Essex** | 121,000 | 7,075,900 | 639,000 | 2,301,400 | – | $ 7,851,600 | 1,601,100 | 137,482,900 |
| **Gloucester** | – | 5,542,780 | – | – | – | 3,731,400 | 120,700 | 14,187,880 |
| **Hudson** | 9,222,200 | 14,081,025 | 27,649,639 | – | $ 3,644,900 | 255,700 | 22,741,700 | 83,231,164 |
| **Hunterdon** | 307,700 | – | – | – | – | – | 8,049,900 | 8,474,800 |
| **Mercer** | – | 2,295,100 | – | – | – | – | 72,500 | 57,168,700 |
| **Middlesex** | 2,099,700 | 11,928,400 | – | – | – | – | 4,945,500 | 74,356,400 |
| **Monmouth** | 1,852,600 | 3,423,800 | 1,614,100 | 380,000 | – | – | 11,344,600 | 22,547,700 |
| **Morris** | – | 55,600 | – | – | – | – | – | 6,896,500 |
| **Ocean** | – | 131,000 | – | – | – | – | 25,000 | 667,400 |
| **Passaic** | 2,499,600 | – | – | – | – | – | – | 3,154,400 |
| **Salem** | – | – | – | – | – | – | – | – |
| **Somerset** | 1,655,300 | 1,494,600 | – | – | – | – | 607,800 | 5,291,500 |
| **Sussex** | – | – | – | – | – | – | – | – |
| **Union** | – | – | – | – | – | – | – | 5,817,100 |
| **Warren** | – | – | – | – | – | – | 1,845,500 | 12,465,700 |
| **TOTALS** | $24,119,170 | $83,054,565 | $30,359,039 | $4,376,200 | $3,644,900 | $27,588,700 | $80,993,500 | $546,690,046 |

# Summary of 2013 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 | 1,074 | 1,370 | 9,518 | 0 | 785 | 701 | 483 | 8 | 2 | 7 |
| Bergen | 1,894 | 972 | 5,607 | 0 | 867 | 2,232 | 578 | 2 | 2 | 0 |
| Burlington | 291 | 111 | 2,649 | 0 | 289 | 232 | 294 | 2 | 1 | 2 |
| Camden | 348 | 358 | 1,100 | 0 | 235 | 94 | 586 | 11 | 1 | 0 |
| Cape May | 160 | 145 | 1,408 | 0 | 115 | 9 | 84 | 5 | 0 | 0 |
| Cumberland | 108 | 125 | 767 | 0 | 59 | 37 | 188 | 39 | 0 | 3 |
| Essex | 516 | 733 | 4,198 | 0 | 751 | 2,545 | 987 | 31 | 4 | 0 |
| Gloucester | 1,115 | 452 | 1,058 | 0 | 256 | 90 | 253 | 13 | 0 | 10 |
| Hudson | 1,524 | 258 | 3,906 | 0 | 455 | 869 | 1,261 | 0 | 1 | 0 |
| Hunterdon | 33 | 24 | 421 | 0 | 24 | 22 | 82 | 0 | 0 | 0 |
| Mercer | 333 | 98 | 1,167 | 0 | 255 | 279 | 180 | 0 | 0 | 3 |
| Middlesex | 488 | 681 | 2,269 | 0 | 583 | 899 | 969 | 6 | 1 | 0 |
| Monmouth | 713 | 1,119 | 3,634 | 0 | 523 | 358 | 484 | 1 | 1 | 0 |
| Morris | 115 | 572 | 1,635 | 0 | 296 | 373 | 560 | 0 | 0 | 0 |
| Ocean | 639 | 412 | 6,344 | 0 | 772 | 359 | 456 | 24 | 3 | 0 |
| Passaic | 4,974 | 545 | 1,318 | 13 | 668 | 1,645 | 262 | 0 | 1 | 0 |
| Salem | 31 | 38 | 253 | 0 | 41 | 13 | 99 | 3 | 0 | 0 |
| Somerset | 149 | 117 | 853 | 0 | 104 | 111 | 190 | 2 | 0 | 0 |
| Sussex | 153 | 189 | 833 | 0 | 132 | 45 | 143 | 0 | 1 | 0 |
| Union | 150 | 509 | 2,127 | 0 | 624 | 1,211 | 737 | 0 | 0 | 0 |
| Warren | 57 | 76 | 571 | 0 | 43 | 264 | 54 | 0 | 0 | 0 |
| TOTALS | 14,865 | 8,904 | 51,636 | 13 | 7,877 | 12,388 | 8,930 | 147 | 18 | 25 |

# Summary of 2013 County Tax Board Appeals Reported
## Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

| | Col. 1 | | | | | Col. 2 | Col. 3 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | DISPOSITIONS | | | | | | CLASSIFICATION | | | |
| COUNTY | Farmland Assessment Denied | Classification | R.E.A.P. Credit | Disaster Relief | Other | Total Number of Appeals | Class 1 Vacant Land | Class 2 Residential | Class 3A Farm Regular | Class 3B Farm Qualified |
| Atlantic | 0 | 8 | 0 | 0 | 0 | 13,956 | 1,239 | 11,743 | 9 | 1 |
| Bergen | 0 | 4 | 0 | 26 | 1 | 12,185 | 190 | 10,699 | 1 | 0 |
| Burlington | 1 | 1 | 0 | 2 | 0 | 3,875 | 250 | 3,392 | 26 | 7 |
| Camden | 1 | 8 | 0 | 0 | 1 | 2,743 | 180 | 2,213 | 5 | 0 |
| Cape May | 0 | 0 | 0 | 0 | 0 | 1,926 | 89 | 1,737 | 1 | 0 |
| Cumberland | 4 | 2 | 0 | 41 | 0 | 1,373 | 103 | 918 | 49 | 2 |
| Essex | 0 | 0 | 0 | 7 | 145 | 9,917 | 511 | 6,034 | 0 | 0 |
| Gloucester | 1 | 0 | 0 | 0 | 1 | 3,249 | 633 | 2,299 | 55 | 5 |
| Hudson | 0 | 4 | 0 | 10 | 1 | 8,289 | 356 | 5,556 | 0 | 0 |
| Hunterdon | 0 | 3 | 0 | 0 | 2 | 611 | 62 | 495 | 16 | 2 |
| Mercer | 1 | 0 | 0 | 0 | 0 | 2,316 | 41 | 2,083 | 8 | 3 |
| Middlesex | 0 | 0 | 0 | 196 | 0 | 6,092 | 220 | 5,249 | 6 | 4 |
| Monmouth | 0 | 2 | 0 | 105 | 8 | 6,948 | 209 | 6,265 | 17 | 1 |
| Morris | 0 | 0 | 0 | 0 | 0 | 3,551 | 309 | 2,960 | 5 | 1 |
| Ocean | 4 | 4 | 0 | 355 | 0 | 9,372 | 787 | 8,191 | 6 | 0 |
| Passaic | 0 | 0 | 0 | 0 | 61 | 9,487 | 362 | 7,726 | 5 | 0 |
| Salem | 1 | 0 | 0 | 0 | 0 | 479 | 42 | 354 | 21 | 15 |
| Somerset | 0 | 1 | 0 | 0 | 0 | 1,527 | 41 | 1,343 | 8 | 0 |
| Sussex | 4 | 3 | 0 | 0 | 1 | 1,504 | 83 | 1,299 | 17 | 6 |
| Union | 0 | 3 | 0 | 1 | 0 | 5,362 | 142 | 4,180 | 0 | 0 |
| Warren | 0 | 1 | 0 | 0 | 16 | 1,082 | 205 | 798 | 11 | 0 |
| TOTALS | 17 | 44 | 0 | 743 | 237 | 105,844 | 6,054 | 85,534 | 266 | 47 |

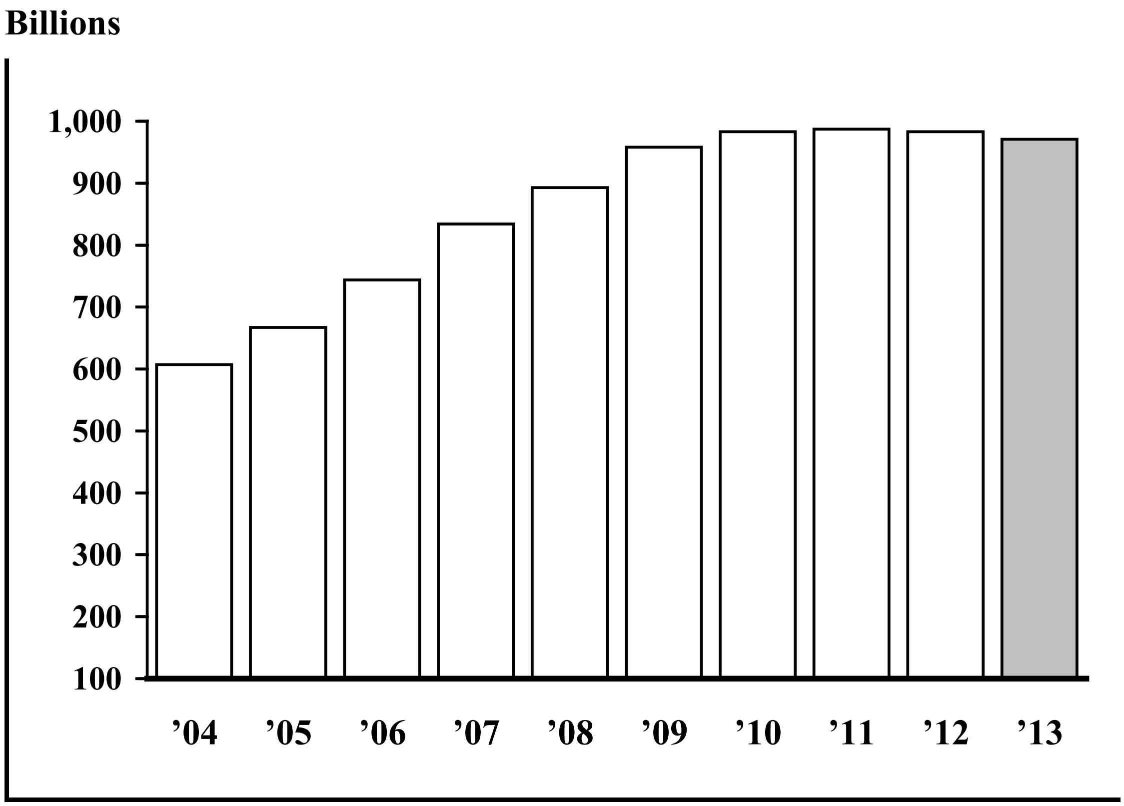
# Summary of 2013 County Tax Board Appeals Reported
## Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

| | Col. 3 | | | Col. 4 | | | | |
|---|---|---|---|---|---|---|---|---|
| | CLASSIFICATION | | | FILING FEE | | | | |
| COUNTY | Class 4 Commercial Industrial Apartment | Other | Total Number of Appeals by Class | $5 | $25 | $100 | $150 | Class $25 |
| Atlantic | 956 | 8 | 13,956 | 4,090 | 8,119 | 1,080 | 366 | 8 |
| Bergen | 1,266 | 29 | 12,185 | 232 | 6,724 | 3,711 | 927 | 0 |
| Burlington | 193 | 7 | 3,875 | 607 | 2,664 | 385 | 70 | 4 |
| Camden | 324 | 21 | 2,743 | 1,042 | 1,352 | 199 | 50 | 47 |
| Cape May | 99 | 0 | 1,926 | 153 | 1,008 | 471 | 275 | 0 |
| Cumberland | 299 | 2 | 1,373 | 479 | 638 | 68 | 58 | 8 |
| Essex | 3,352 | 20 | 9,917 | 1,379 | 4,849 | 1,799 | 453 | 0 |
| Gloucester | 254 | 3 | 3,249 | 916 | 1,986 | 145 | 54 | 0 |
| Hudson | 1,413 | 964 | 8,289 | 4,141 | 3,693 | 346 | 74 | 1 |
| Hunterdon | 29 | 7 | 611 | 31 | 383 | 148 | 19 | 3 |
| Mercer | 181 | 0 | 2,316 | 971 | 803 | 397 | 61 | 2 |
| Middlesex | 606 | 7 | 6,092 | 2,375 | 3,033 | 367 | 43 | 1 |
| Monmouth | 445 | 11 | 6,948 | 145 | 1,954 | 903 | 294 | 0 |
| Morris | 258 | 18 | 3,551 | 300 | 1,671 | 1,206 | 254 | 6 |
| Ocean | 371 | 17 | 9,372 | 1,580 | 5,656 | 1,111 | 337 | 345 |
| Passaic | 1,377 | 17 | 9,487 | 980 | 7,532 | 833 | 88 | 0 |
| Salem | 47 | 0 | 479 | 135 | 290 | 31 | 7 | 0 |
| Somerset | 129 | 6 | 1,527 | 33 | 1,039 | 306 | 64 | 1 |
| Sussex | 97 | 2 | 1,504 | 302 | 924 | 205 | 19 | 6 |
| Union | 1,039 | 1 | 5,362 | 2,751 | 2,239 | 329 | 32 | 1 |
| Warren | 64 | 4 | 1,082 | 268 | 710 | 76 | 10 | 0 |
| TOTALS | 12,799 | 1,144 | 105,844 | 22,910 | 57,267 | 14,116 | 3,555 | 433 |

# Summary of 2013 County Tax Board Appeals Reported
## Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

| | Col. 4 | | | Col. 5 | Col. 6 | Col. 7 | Col. 8 |
|---|---|---|---|---|---|---|---|
| | FILING FEE | | | ASSESSED VALUATION AMOUNTS | | | |
| COUNTY | 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) |
| Atlantic | 3 | 290 | 13,956 | $ 4,191,618,330 | $ 711,235,819 | $ 1,019,600 | $ 3,481,402,111 |
| Bergen | 0 | 591 | 12,185 | 8,367,333,706 | 510,848,243 | 181,390,016 | 8,037,875,479 |
| Burlington | 1 | 144 | 3,875 | 1,304,515,470 | 140,975,832 | 593,500 | 1,164,133,138 |
| Camden | 2 | 51 | 2,743 | 757,522,780 | 49,038,050 | 82,000 | 708,566,730 |
| Cape May | 2 | 17 | 1,926 | 1,181,016,100 | 167,376,100 | 0 | 1,013,640,000 |
| Cumberland | 1 | 121 | 1,373 | 466,777,400 | 71,271,600 | 269,600 | 395,775,400 |
| Essex | 0 | 1,437 | 9,917 | 6,044,909,362 | 728,890,450 | 28,409,194 | 5,344,428,106 |
| Gloucester | 4 | 144 | 3,249 | 930,378,599 | 61,386,399 | 2,690,600 | 871,682,800 |
| Hudson | 4 | 30 | 8,289 | 2,522,988,623 | 475,336,834 | 358,600 | 2,048,010,389 |
| Hunterdon | 27 | 0 | 611 | 273,496,746 | 26,366,897 | 6,100 | 247,135,949 |
| Mercer | 0 | 82 | 2,316 | 804,412,207 | 59,426,853 | 3,692,720 | 748,678,074 |
| Middlesex | 4 | 269 | 6,092 | 1,479,784,171 | 99,287,091 | 426,700 | 1,380,923,780 |
| Monmouth | 3,382 | 270 | 6,948 | 3,884,686,876 | 339,734,333 | 415,400 | 3,545,367,943 |
| Morris | 0 | 114 | 3,551 | 1,987,215,784 | 116,368,944 | 31,799,406 | 1,902,646,246 |
| Ocean | 0 | 343 | 9,372 | 3,741,061,400 | 352,700,330 | 7,550,300 | 3,395,911,370 |
| Passaic | 0 | 54 | 9,487 | 3,217,521,692 | 374,585,400 | 7,220,260 | 2,850,156,552 |
| Salem | 0 | 16 | 479 | 164,780,200 | 18,126,615 | 275,000 | 146,928,585 |
| Somerset | 0 | 84 | 1,527 | 777,780,109 | 59,327,504 | 5,614,300 | 724,066,905 |
| Sussex | 2 | 46 | 1,504 | 490,511,300 | 51,984,150 | 355,900 | 438,883,050 |
| Union | 0 | 10 | 5,362 | 1,058,676,405 | 69,308,265 | 324,000 | 989,692,140 |
| Warren | 0 | 18 | 1,082 | 302,882,424 | 32,625,017 | 125,000 | 270,382,407 |
| TOTALS | 3,432 | 4,131 | 105,844 | $43,949,869,684 | $4,516,200,726 | $272,618,196 | $39,706,287,154 |

# Total Taxable Value
# Land and Improvements in New Jersey
# 2004 – 2013




## 2013 County Values

| | | | |
|---|---|---|---|
| Atlantic | $ 43,314,116,685 | Middlesex | $ 47,559,654,477 |
| Bergen | 154,126,996,905 | Monmouth | 102,056,557,120 |
| Burlington | 41,621,597,139 | Morris | 79,033,197,565 |
| Camden | 34,871,833,345 | Ocean | 86,095,226,179 |
| Cape May | 48,599,769,900 | Passaic | 35,480,769,374 |
| Cumberland | 8,469,865,100 | Salem | 5,308,589,273 |
| Essex | 77,725,986,227 | Somerset | 54,445,359,531 |
| Gloucester | 25,308,797,200 | Sussex | 15,756,364,653 |
| Hudson | 22,148,934,804 | Union | 23,499,232,864 |
| Hunterdon | 19,722,793,430 | Warren | 10,726,415,300 |
| Mercer | 34,711,616,646 | **Total** | **$970,583,673,717** |

# Taxes Administered by the Public Utility Tax Section for 2014 (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.............. | 13 | $ 665,224 | $ 1,929,552 | $ 3,258,308 | NA | NA | NA |
| Water Companies .............. | 29 | 14,376,036 | 45,210,018 | 71,598,437 | NA | NA | NA |
| Energy Companies ............ | 16 | NA | NA | NA | $5,030,727 | $20,383,274 | $370,689,727 |
| Telephone Companies ........ | 3 | NA | NA | NA | NA | 1,192,634 | NA |
| Totals................................ | 61 | $15,041,260 | $47,139,570 | $74,856,745 | $5,030,727 | $21,575,908 | $370,689,727 |

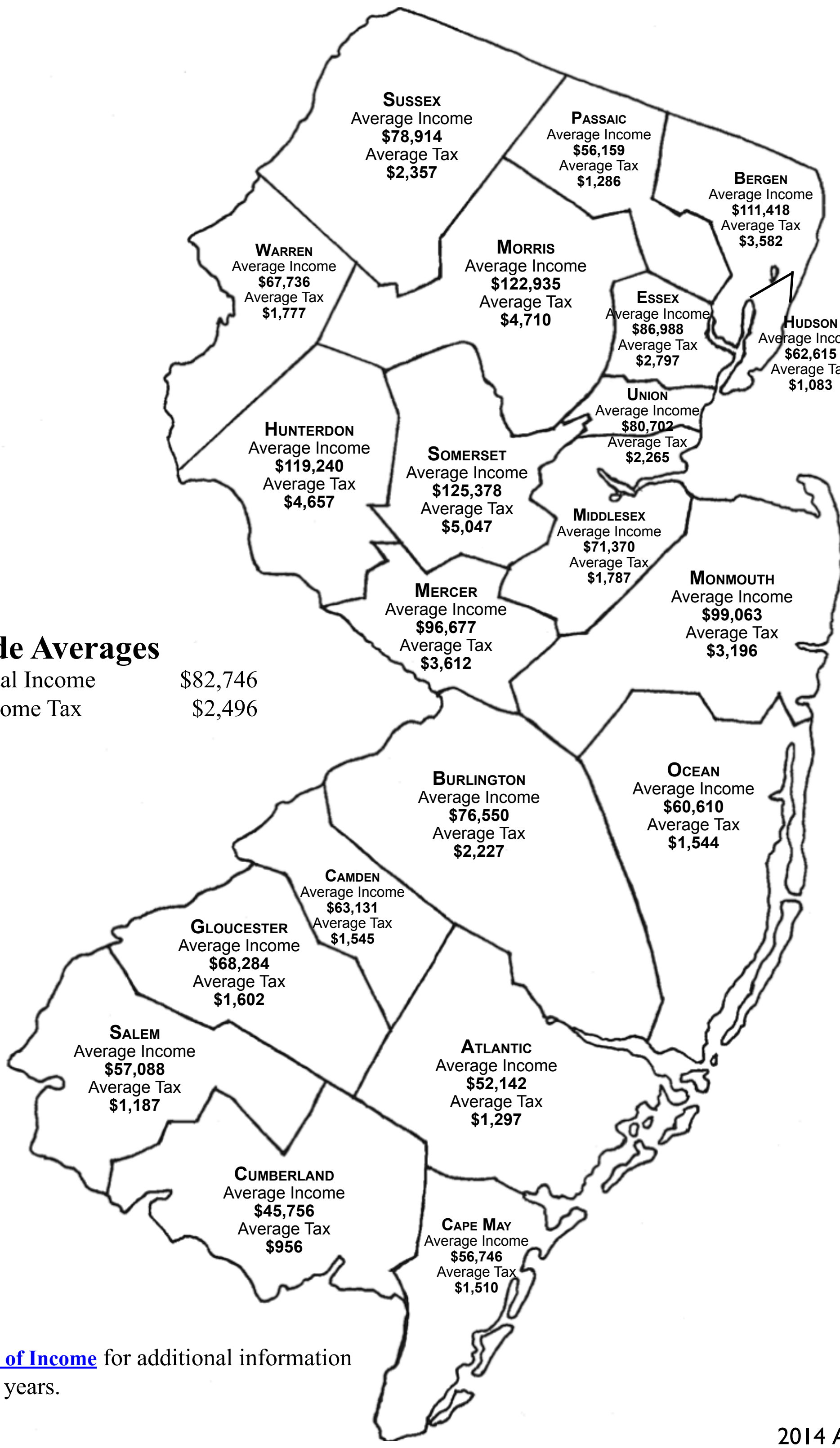
**Total Net Tax Assessed ........................................................................................................$534,333,937**

# Individual Income Tax Returns
# County Profile 2012*

| County | No. of Returns | NJ Taxable Income | Net Charged Tax |
|---|---|---|---|
| Atlantic | 129,244 | $ 5,722,254,748 | $ 167,659,689 |
| Bergen | 424,517 | 42,967,910,483 | 1,520,492,831 |
| Burlington | 201,405 | 13,465,060,297 | 448,613,192 |
| Camden | 224,788 | 12,281,728,827 | 347,335,092 |
| Cape May | 45,493 | 2,163,116,623 | 68,698,251 |
| Cumberland | 64,329 | 2,494,025,898 | 61,485,537 |
| Essex | 341,113 | 27,046,351,269 | 953,981,988 |
| Gloucester | 126,423 | 7,451,058,604 | 202,590,122 |
| Hudson | 295,104 | 16,875,205,181 | 319,531,737 |
| Hunterdon | 59,632 | 6,405,975,304 | 277,689,932 |
| Mercer | 160,842 | 14,063,840,432 | 580,906,578 |
| Middlesex | 372,994 | 23,351,939,853 | 666,662,327 |
| Monmouth | 292,992 | 25,927,316,515 | 936,298,470 |
| Morris | 232,828 | 25,998,429,236 | 1,096,551,650 |
| Ocean | 255,064 | 12,798,883,732 | 393,845,426 |
| Passaic | 230,576 | 11,167,350,962 | 296,521,964 |
| Salem | 28,464 | 1,374,811,728 | 33,788,274 |
| Somerset | 152,687 | 17,518,125,139 | 770,652,214 |
| Sussex | 68,268 | 4,682,804,375 | 160,926,274 |
| Union | 249,891 | 18,029,106,559 | 566,064,227 |
| Warren | 49,266 | 2,859,526,369 | 87,536,776 |
| County Unknown | 6,303 | 1,015,818,340 | 57,740,161 |
| **Totals** | 4,012,223 | $295,660,640,476 | $10,015,572,712 |

*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 2012*




## Statewide Averages

| | |
|---|---|
| Average Total Income | $82,746 |
| Average Income Tax | $2,496 |

*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 2011–2013
### (Dollar Amounts in Thousands)

| Business Type | Number of Vendors | | | Total Collections | | | % Change | |
|---|---|---|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2011 | 2012 | 2013 | 2011–2012 | 2012–2013 |
| **Exempt Organizations** | 857 | 849 | 850 | $ 7,030 | $ 7,304 | $ 7,173 | 3.9% | -1.8% |
| **Manufacturing** | 24,959 | 26,426 | 29,030 | 540,252 | 565,547 | 626,148 | 4.7 | 10.7 |
| **Service** | 91,690 | 92,320 | 92,556 | 2,241,981 | 2,245,900 | 2,332,713 | 0.2 | 3.9 |
| **Wholesale** | 11,818 | 11,977 | 12,014 | 363,029 | 374,361 | 419,762 | 3.1 | 12.1 |
| **Construction** | 18,844 | 18,783 | 19,048 | 180,522 | 185,239 | 220,407 | 2.6 | 19.0 |
| **Retail** | 69,497 | 68,387 | 70,598 | 4,158,586 | 4,227,130 | 4,448,048 | 1.6 | 5.2 |
| **Government** | 30 | 30 | 30 | 1,070 | 4,625 | 4,801 | 332.2 | 3.8 |
| **Not Classified** | 8,286 | 7,734 | 7,192 | 118,520 | 117,177 | 120,280 | -1.1 | 2.6 |
| **Totals** | **225,981** | **226,506** | **231,318** | **$7,610,990** | **$7,727,283** | **$8,179,332** | **1.5%** | **5.9%** |

# Contact Information

## Online

www.njtaxation.org

## Email

nj.taxation@treas.nj.gov

## WebFile

www.state.nj.us/treasury/taxation/pcfile/njwebfile.shtml

## 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 — 609-341-4800

## In Writing

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50 Barrack Street
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Trenton, NJ 08695-0269

## Regional Offices

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Camden, NJ 08103

**Fair Lawn**
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Fair Lawn, NJ 07410

**Neptune**
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Neptune, NJ 07753

**Newark**
124 Halsey Street, 2nd Floor
Newark, NJ 07102

**Northfield**
1915-A New Road (Route 9)
Northfield, NJ 08225

**Somerville**
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