



2017 ANNUAL REPORT

**STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION**

DIRECTOR'S MESSAGE

The Honorable

**Phil Murphy,
Governor**

Members of the New Jersey Legislature



Dear Governor Murphy and Legislators:

I am pleased to present the Annual Report of the Division of Taxation for the Fiscal Year which ended June 30, 2017.

This report is more confirmation of the Division's steadfast commitment to fair and comprehensive tax administration for the citizens of New Jersey. In 2017, we implemented a reduction of the sales tax rate from 7 percent to 6.875 percent, as well as an increased retirement income exclusion and a veteran exemption for income tax filers.

We also improved our outreach to taxpayers by redesigning our website. The new layout allows for rapid access to information through an intuitive portal that tailors offerings to individuals, businesses, and tax professionals, and we provided a less complicated and more user-friendly tax filing and payment system. Going forward, our plan includes enhanced access to mobile applications, smart phones, and tablets. A YouTube channel now provides videos of important and helpful information for the public.

We hope this Annual Report provides you with valuable insight into the ongoing efforts that support our critical mission.

Respectfully submitted,

A handwritten signature in black ink, which appears to read "John J. Ficara". The signature is fluid and cursive.

John J. Ficara
Acting Director



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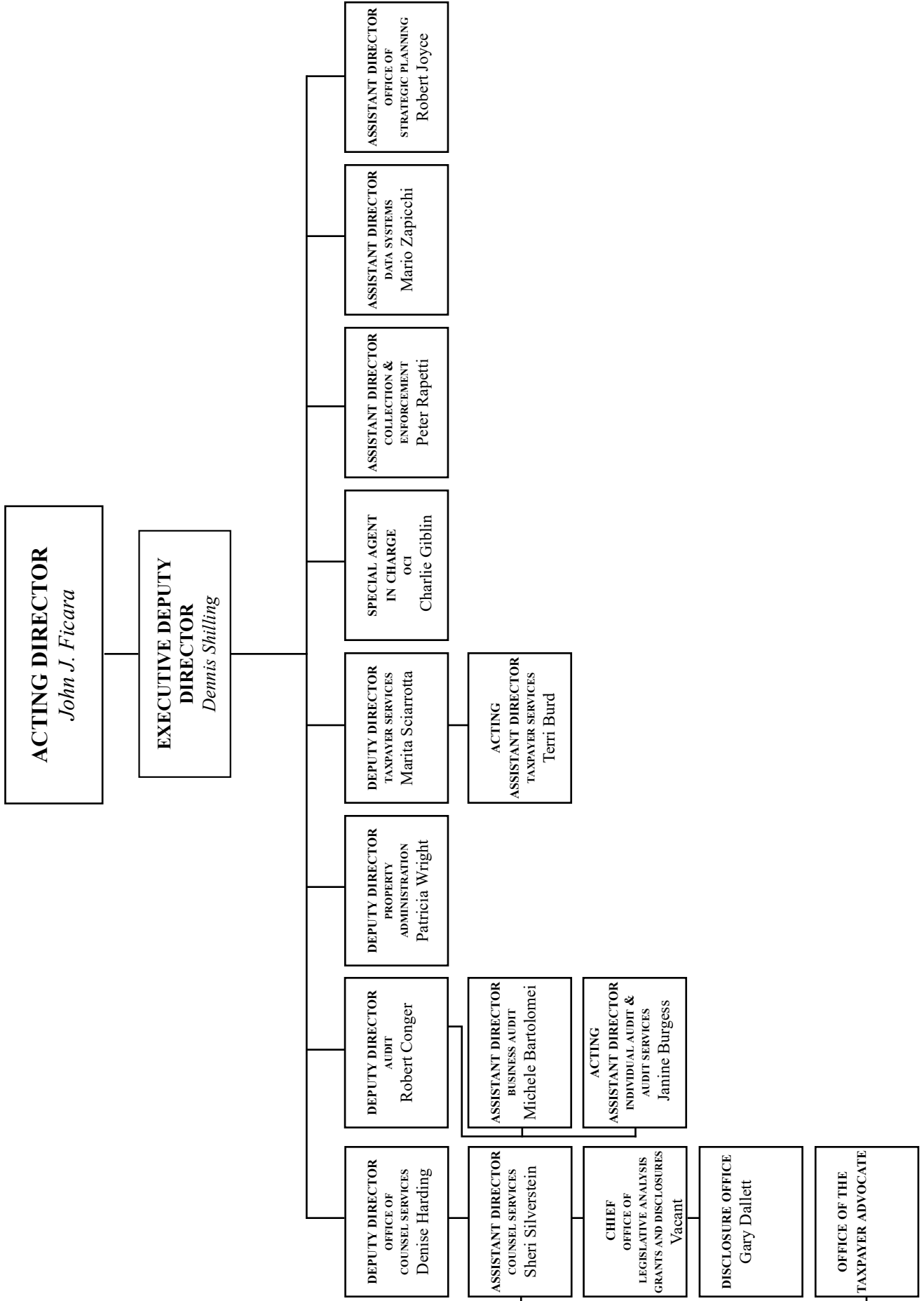
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DIVISION OF TAXATION ORGANIZATION





NEW JERSEY DIVISION OF TAXATION

ORGANIZATION AND ACTIVITIES

Audit

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

BUSINESS AUDIT

In-State Field Audit

The In-State Field Audit Branch performs audits on local businesses to ensure compliance with tax statutes. Examinations of the taxpayer's accounting records evaluate compliance with rules governing all taxes administered by the

Division, with special emphasis on the Corporation Business Tax and Sales and Use Tax. Audits are typically performed at the taxpayer's place of business.

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

Out-of-State Field Audit

The Out-of-State Field Audit Branch is responsible for performing field audits on all payers of New Jersey taxes whose accounting records are maintained outside the State. 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 Excise Tax Branch administers the Motor Fuel, Cigarette, and Tobacco Products Wholesale Sales and Use taxes. It also administers the Alcoholic Beverage Tax, Cigarette Tax, Litter Fee, 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 Uniform Transitional Utility Assessments. The Excise Tax Branch additionally administers the Unfair Cigarette Sales Act.

The Branch is comprised of one Field Audit Group and three Office Groups. The Field Audit Group focuses on Motor Fuel Tax, Petroleum Products Gross Receipts Tax, Litter Fee, Cigarette Tax, and Tobacco Products Wholesale Sales and Use Tax returns. The three Office Groups perform audits, conduct investigations, and handle licensing related to taxes administered by the Branch. It also enforces the Master Settlement Agreement with tobacco companies.

Audit Services

The Audit Services Branch primarily audits and processes Sales and Use Tax refund claims from businesses and individuals and Corporation Business Tax billings. It also ensures that audit assessments generated by the Field Audit Branch, Out-of-State Field Audit Branch, Office Audit Branch, and Excise Tax Branch are billed timely.

Two Sales and Use Tax refund groups are located in Trenton. They are responsible for auditing and processing all refund claims for the Sales and Use Tax as well as for 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 groups also are responsible for auditing and processing Sales and Use Tax refund claims filed by UEZ-certified businesses for property and services used exclusively in a UEZ zone. The Corporate Billing Group reviews Corporation Business Tax filings. The Audit Billing Group provides billing and collection support.

Office Audit

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

The Branch is comprised of seven audit groups. Two groups are assigned general corporate desk audits, and two are responsible for examining taxpayers' records as part of issuance of 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 and Retro S corporation election requests.

The Nexus Audit Group identifies, locates, and examines out-of-state entities to determine if they have unreported tax filing and payment obligations. The Corporate Refund Audit Group is responsible for auditing Corporation Business Tax refund claims.

INDIVIDUAL AUDIT & AUDIT SERVICES

Gross Income Tax Audit

The Gross Income Tax Audit Branch, which is comprised of seven teams, is responsible for auditing Gross Income Tax returns filed with the State of New Jersey. The audits are done using criteria developed within the Branch as well as with information gathered from the federal Internal Revenue Service, neighboring states, and other New Jersey agencies. The section provides technical support to the Tax Data Warehouse (TDW) on audit projects and answers taxpayer correspondence generated by these projects. These include the development of TDW's Gross Income Tax direct billing. The section is also responsible for film tax credits and refunds, the Neighborhood Revitalization Tax Credit, the Angel Investor Tax Credit, authorization of partnership refunds, and the pursuit of delinquent resident and nonresident taxpayers — both separately and in joint projects with other Division branches.

Transfer Inheritance & Estate Taxes

The Transfer Inheritance and Estate Taxes Branch is comprised of three audit teams and one service team. It's responsible for the administration of Inheritance and Estate Taxes. It promulgates regulations, designs tax forms and creates tailored instructional

materials. It also is responsible for tax compliance and collection functions, tax audits, and the issuance of assessment notices and tax waivers. The section conducts seminars and conferences, assists in court proceedings, and provides taxpayer information services.

Audit Selection & 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.

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 provides similar services to New Jersey residents applying for and obtaining Property Tax relief benefits.

The Branch also produces informational publications and tax return instructions and responds to taxpayer correspondence. Information and assistance are delivered through the Division's website, by phone, and at outreach events.

The *Customer Service Center* handles thousands of phone calls every day. Call Center staff 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 assistance includes scrutiny of tax returns for accuracy before issuing a refund or a bill. In other cases, the team reviews correspondence submitted by taxpayers who disagree with a tax notice.

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.

Technology Solutions provides direct support for the Customer Services Center and maintains Customer Services' servers and technology platforms. The unit is responsible for maintaining several services, including:

NJ WebFile, which 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, an automated telephone service that allows homeowners to file their Homestead Benefit applications by phone 24 hours a day/seven days a week during the benefit filing season.

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

Automated Tax Information System, which 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.

Education and Media

The Tax Education and Media Branch consists of three units that communicate with people, businesses, and tax professionals so they can fulfill tax obligations. The branch provides plain language guidance so taxpayers can properly file forms, pay taxes owed, and respond to Division notifications. The branch is responsible for ensuring tax compliance is convenient and not excessively costly for our taxpayers and their representatives as well as professional tax administrators.

The *Taxpayer Communications Unit* enhances informational publications and written communications for the public with concise, uncomplicated language and inclusion of clear steps that taxpayers can take to resolve ac

Taxation University provides instruction to the public and tax professionals on taxes and programs administered by the Division of Taxation. It also helps guide the public on how to start, change, or end a business in New Jersey. The unit provides educational services for the employees of the Division and is responsible for creating instructional programs designed to enhance employee knowledge, skills and development.

Digital Communications and Forms Development is responsible for website content, social media, and most Division forms and instructions.

Taxpayer Accounting

The Taxpayer Accounting Branch assists taxpayers by resolving discrepancies found on their individual Income Tax returns and their applications for the 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, the Branch reviews correspondence submitted by taxpayers who disagree with a notice they received.

The Branch is responsible for the review of Partnership Tax returns and most business tax returns. That work 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 and review and process documents sent to the Division as a result of a Notice of Adjustment. Review of the documents

includes identifying fraudulently filed returns. These units correct accounts and issue refunds or bills with letters explaining any adjustments or changes made to an individual's Income Tax account.

The Correspondence Unit receives, reviews, and responds to emails sent to the Division. The majority are general requests for information or assistance and are replied to directly by unit staff. Some requests may be forwarded to other parts of the Division for handling.

A sub-group of the TGI Correspondence and Review Unit is the *Earned Income Tax Credit Group*. The Earned Income Tax Credit Group reviews personal Income Tax returns claiming a New Jersey Earned Income Tax Credit.

The unit issues letters requesting documentation and adjusts accounts. The unit works with multiple sources, including the Internal Revenue Service, to verify claimant wage and business income as well as the reported number of dependents to accurately approve the correct claim amount.

The *Business Tax/Delinquency Unit* examines more than 20 different types of business tax returns. The unit corrects processing errors and reviews correspondence received that results from a Notice of Adjustment.

The unit is responsible for reviewing and approving bills for all of the tax types. It also sends letters of explanation

or notices detailing Division changes to a business's account when updates are made. The unit is responsible for creating and updating Business Delinquency notices for most types of business taxes.

The unit coordinates the mailing of the notices each quarter and is responsible for reviewing and responding to all the correspondence received. The unit is also responsible for answering all business tax emails that are received.

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 *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.

The *Support Unit* processes incoming mail for the Branch and redeposits returned checks.

Collection & Enforcement

This Activity is comprised of two branches: the Collection Services Branch and the Field Investigations Branch.

Collection Services Branch

The Collection Services Branch is responsible for the collection of

overdue tax liabilities. It uses phone calls, correspondence, and filing of certificates of debt, license suppression, levies, pay garnishment, and other enforcement actions to collect debts.

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 functions performed by the Collection Services Branch follows:

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 instituting wage garnishment proceedings, court action or pursuing collection on assets in other states.

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.

This includes submitting proofs of claim to the courts of jurisdiction. This unit works closely with the Attorney General's Office to represent the State's interests in Bankruptcy Court.

Bulk Sales Unit is responsible for examining the tax records of each business 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 from the proceeds of the sale secures the interests of the State and protects the purchaser. When all conditions are satisfied, the State issues a Tax Clearance Certificate.

Casual Sales & Set-Off Unit verifies that the appropriate Sales and Use Tax is paid on purchases of motor vehicles, boats, and aircraft. Investigators review information from other State and local agencies in pursuit of individuals or corporations that have avoided New Jersey Sales and Use Tax on their vehicle purchases.

The unit pursues collection action as necessary. Investigators administer five set-off programs:

Vendor Set-Off, that holds payments due to State vendors and applies the payments toward deficient taxes;

SOIL, Set-Off of Individual Liability, that withholds Gross Income Tax refunds and Property Tax relief 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**, which governs

reciprocal agreements with Maryland, New York, and Connecticut, where income tax refunds in a participating state can be diverted to another state where a taxpayer owes income tax.

Contract Liaison Unit provides onsite quality assurance and monitors the Division's vendor for adherence to the terms of the contract to pursue delinquent and deficient taxes. The current vendor, Pioneer Credit Recovery, pursues taxpayers who fail to respond to Division of Taxation notices.

Payment Plan Liaison Unit conducts quality assurance and monitors Pioneer Credit Recovery's management of repayment agreements that extend the time allotted for payment of State taxes. Team members also ensure adherence to the terms of the contract and provide technical support.

Judgment Enforcement 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 a 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 licensed by State agencies. The goal is to confirm

that businesses are complying with tax law. If a review reveals unsatisfied tax liabilities or filing obligations, the taxpayer's business license may be suspended. This Unit also 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.

This Unit works with various State agencies such as New Jersey Department of Environmental Protection, Department of Community Affairs, Motor Vehicle Commission, New Jersey Lottery Commission, New Jersey Economic Development Authority, and Division of Alcoholic Beverage Control.

Payment Plan Unit helps taxpayers enter repayment agreements and extend the time allotted for payment of their State taxes. The Unit reviews forms to ensure taxpayers qualify for a payment plan. Caseworkers send correspondence notifying taxpayers whether they have qualified for a payment plan.

The caseworker monitors whether the State receives installment payments on time and checks accounts for compliance with current returns and obligations. The unit works closely with all parts of Taxation, including the Division's contracted vendor, to ensure proper case management.

Project Enforcement Team deals with investigations pertaining to both

business and personal tax matters. A multifaceted group of investigators and support staff are trained in the regulations and laws governing many types of taxes. They perform reviews, conduct analysis, and make determinations as to the validity of filings. The team manages Business Reinstatements, identity theft, and partnership fees and taxes.

Regional Information Centers provide in-person assistance to taxpayers. The centers accept tax filings and payments. Staff are trained to aid taxpayers who have received any notification sent by the Division as well as to assist with any filing requirements. Offices are located in Fairlawn, Newark, Somerville, Trenton, Camden, Neptune, and Galloway.

Field Investigations Branch

The Field Investigations Branch performs tax collection, enforcement, and civil investigation work for the Division. The Division assigns Field Investigators to seven field offices around the State.

A brief description follows of functions performed by the Field Investigations Branch:

Canvassing/Educating Investigators visit businesses to verify that they are registered and that the owners understand their tax responsibilities.

The units regularly canvass transient vendors at flea markets, art and craft shows, entertainment venues, and special events. To combat the tax issues caused by the underground economy, investigators issue on-the-spot jeopardy assessments of uncooperative transient vendors.

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 Investigators canvass marinas, patrol New Jersey intra-coastal waterways, and gather 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 purchases.

Tax Enforcement investigators contact 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. If a non-compliant taxpayer is given a final warning visit and encouraged to make payment arrangements, but still doesn't take sufficient steps to pay, all the personal and business assets of the

non-compliant tax debtor are subject to levy, seizure, and sale at public auction.

Field investigators, in coordination with the Office of Criminal Investigation or Court Referral Unit, may also refer chronic offenders for prosecution if they fail to file and/or pay tax to the Municipal Court Program. Accordingly, a guilty finding or plea can result in a court order to make restitution in addition to fines, an order to pay collection costs, and probation or jail.

Revenue Opportunity Units have investigators who seek out noncompliant taxpayers. These units focus on out-of-state entities whose business activities in New Jersey create nexus and trigger a tax obligation. Investigators work with U.S. Customs and Border Protection, the New Jersey State Police, the Motor Vehicle Commission, and local law enforcement agencies at weigh stations and vehicle safety and emission sites.

Investigators also visit construction sites, warehouses, and other locations where nonregistered or noncompliant out-of-state vendors may be operating. Rev Ops investigators also monitor in-state businesses believed to be operating in the untaxed, unrecorded, underground economy.

Projects included an initiative on nonresident personal Income Tax verification as well as efforts at ensuring compliance of home-based businesses as well as compliance with personal

Income Tax and Corporation Business Tax requirements by commercial construction companies, athletes, and entertainers.

The unit also participated in initiatives aimed at combating abuse of auto dealer plates and unreported Sales and Use Tax on vehicles, boats, and airplanes.

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 deductions for senior citizens and veterans and certify the amounts for State reimbursement to local taxing districts; oversee the administration of the Farmland Assessment Act; defend the Table of Equalized Valuations; review, classify, assess, and tax railroad properties.

Personnel also compute the Railroad Franchise Tax; support Property Administration's data processing systems (MOD IV and Sales Ratio); and review and approve municipal tax maps. They are also assigned to 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.

The unit also replies to correspondence and legislative referrals regarding

Property Tax matters, and provides services to the public or other local government entities.

It also monitors members of county boards of taxation to ensure they meet statutory education requirements. Staff members serve on the Continuing Education Eligibility Board, which awards credit for classes relevant to the recertification process for assessors.

Staff members also take on leading roles in training, education seminars, and courses on local property administration.

These classes are aimed at improving the performance of county board of taxation members, administrators, and municipal and county assessors.

The following Sections and units are in Property Administration:

Local Property

Policy and Planning Section

Legislative Analysis/Deductions Exemptions/Abatements/Correspondence

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*, on local property taxation.

Revaluations/Reassessments/Assessor Continuing Education.

Reviews, approves, and monitors revaluation and reassessment programs, applications, and contracts; 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/Realty Transfer Fee/Tax Maps.

Responds to inquiries on the Realty Transfer Fee and monitors the dollar amount collected and refunded; provides assistance and checks compliance for the 21 county boards of taxation; prepares written information and instructions on various property tax statutes and programs for use by county tax board members and administrators; reviews and approves municipal tax maps for conformance to current specifications and, as required, for municipal revaluations or formal certification.

Revenue Sharing/ Homestead Rebate/Audit Unit.

Reviews and certifies the dollar amounts for State reimbursement to local taxing districts for senior citizens' and veterans' property tax deductions; audits municipalities that the State reimburses for granting the \$250 annual property tax deductions for senior citizens and \$250 annual deduction for veterans, and assists with the State administration of other 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 statutes.

Certified Assessor Examination develops, coordinates and administers biannual Tax Assessor Certification Exams.

Valuation and Mapping Section

Equalization and In-House Training
Equalization and In-House Training. Reviews and corrects county equalization and county abstracts of ratables for all 21 counties; prepares the State Abstract of Ratables and the annual State Equalization Table; and answers all equalization questions.

This unit prepares and presents instructional materials concerning Local Property Tax matters for trainees and for staff when statutory or policy and

practice changes occur. The unit also develops and maintains the *Handbook for County Boards of Taxation*.

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, which contain information about real property sales, for sales ratio purposes; and gathers and verifies data for the Table of Equalized Valuations.

The unit works with the Deputy Attorney General assigned to the Division of Taxation to defend the Table of Equalized Valuations during appeals.

Sales Ratio 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.

Appeals of the Table are handled in conjunction with a deputy attorney general in the New Jersey Tax Court.

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.

Valuation and Railroad Property Units Equalization and In-House Training. Reviews and corrects county equalization and county abstracts of ratables for all 21 counties; prepares the State Abstract of Ratables and the annual State Equalization Table; and answers all equalization questions.

This unit prepares and presents instructional materials concerning Local Property Tax matters for trainees and for staff when statutory or policy and practice changes occur. The unit also develops and maintains the *Handbook for County Boards of Taxation*.

Information Services 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's systems as well as assists in determining the operating policies, procedures, and priorities for Property Administration's data processing systems (MOD IV and Sales Ratio).

Information Services also ensures that MOD IV vendors are approved, monitored, and advised on new legislation or policies that affect Local Property.

It also maintains the *MODIV User Manual*; 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.

Office of Strategic Planning & Operations

Office of the Chief of Staff

The Chief of Staff's Office represents Taxation's administration throughout State government and provides Division-wide support in Management Services and Strategic Planning and Operations.

The Chief of Staff's Office is the liaison to the Department of Treasury's Fiscal Office, the Division of Revenue and Enterprise Services, Human Resources, and Labor Relations and Development.

The office ensures that the Division follows internal control procedures. It also facilitates budgetary and IT requests and coordinates the handling of 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. Coordinates building maintenance and management services for 12 Division offices throughout New Jersey and for out-of-state locations near Chicago area and in Anaheim, California. Facilities Management monitors all construction projects and coordinates physical moves for all Taxation locations. In addition, Facilities Management is responsible for building security, including providing employees with photo identification and building access cards.

Records Management/Image Processing

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 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. Oversees the Division's warehouse, where office supplies, bulk forms, and surplus property and equipment are stored.

Mail Services/Print Processing

Responsible for the pickup, sorting, recording, and delivery of mail for the Division, including to field offices and other State agencies. The unit also handles printing, processing, and mailing of 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.

Vehicle Management: Responsible for the Division's fleet of vehicles including budgeting, purchasing, scheduling maintenance, generating mileage reports, and managing the GPS system.

Office of Counsel Services

Conference and Appeals

The Conference and Appeals Branch provides taxpayers with a forum for tax disputes. The Branch processes protests, 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 works with the Office of the Attorney General on

litigation for both taxes and Property Tax relief programs.

The Review Section evaluates all incoming protests and appeals for compliance with relevant statutory and regulatory guidelines, for each of the taxes under its mandate.

Incoming protests and appeals are further reviewed to determine whether the State faces risks related to the collection of protested tax assessments. Taxpayers may be asked to pay the outstanding assessment, furnish a surety bond, or provide a letter of credit to stay collection. Absent adequate surety, a Certificate of Debt will be filed and, when appropriate, the State will issue a Finding of Responsible Person. The Review Section also pursues collection of unprotested components of an assessment.

The mission of the **Conference Section** is to provide informal administrative conferences to taxpayers who protest 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 Determination 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 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** is comprised of two units with responsibilities ranging from legislation review to safeguarding confidential State and federal tax information to responding to Open Public Records Act (OPRA) requests.

The Legislation Analysis Unit is responsible for reviewing all tax bills introduced in the New Jersey State Legislature as well as federal legislation that may affect the operations of the Division. The unit evaluates the administrative, fiscal, and policy implications of proposals that are scheduled for legislative action.

When necessary, the unit proposes amendments to ensure that the Division can effectively implement and administer a bill; prepares bill comments; and makes recommendations about whether the Treasurer should oppose or support a particular bill. Upon enactment of new legislation, the unit initiates and participates in the implementation process.

In collaboration with the Office of Revenue and Economic Analysis, the office researches and compiles tax data. Annually, a report details New Jersey tax breaks and provides an estimate of how much revenue is reduced from these measures. Examples of tax breaks include the income tax deduction for property taxes, Economic Development Authority tax incentives, the Earned Income Tax Credit, and other preferential tax rates or special provisions authorized by law.

The **Office of Disclosure** facilitates the exchange of tax records among state and federal agencies. It also recommends and implements exchange agreements among such agencies.

It works with the federal Internal Revenue Service, the New Jersey Department of Law and Public Safety, and revenue collection agencies of other states. The Office of Disclosure also creates and monitors training on how to safeguard confidential State and federal tax information. It provides this training for the Division and associated State agencies.

The **Office of Disclosure** also ensures the Division of Taxation, Division of Revenue and Enterprise Services, the Office of Information Technology, and the Office of Homeland Security and Preparedness adhere to IRS data security requirements when administering federal tax information. The Office of Disclosure is one of a few similar state agencies nationwide that

has been recognized by the IRS for its outstanding internal procedures.

The office is the Division's central point for receipt of public requests for information made pursuant to the Open Public Records Act (OPRA). Disclosure staff reviews the requests, researches and compiles data, determines what information can be released, and prepares the Division's responses to all OPRA requests.

Regulatory Services

The Regulatory Services Branch provides and publishes advice, information, and written guidance to promote voluntary compliance with New Jersey tax laws. It offers guidance both to the Division and the public.

The Branch handles technical and regulatory issues, advises management and staff on tax laws administered by the Division, drafts new legislation, reviews proposed legislation, and provides technical assistance in the implementation of new tax laws.

It 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 Internet pages. Members of the Branch act as the Division's liaisons on tax issues with the Division of Revenue and Enterprise Services, the Economic Development Authority, the Urban Enterprise Zone Authority, and other State agencies.

Regulatory Services is responsible for coordinating and drafting all Division administrative rules and notices.

As such, the Administrative Practice Officer, who is tasked with working with the Office of Administrative Law to oversee the promulgation of the Division's rules and their publication in the New Jersey Register, is a member of Regulatory Services.

The Branch administers the GIT/REP waiver program that addresses the 2 percent withholding required for nonresidents selling or transferring property in New Jersey and other real property transfer work.

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

The Executive Secretary to the Sales and Use Tax Review Commission is a member of Regulatory Services 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, scheduling and facilitating Commission meetings, and issuing an annual report on behalf of the Commission.

Taxpayer Advocate

The Office of the Taxpayer Advocate 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 Taxpayer Advocate also is also tasked with identifying and proposing solutions and changes for systemic challenges that increase the burden on taxpayers. When appropriate, the Taxpayer Advocate will recommend administrative or legislative changes to resolve, alleviate, and/or mitigate identified issues.

Office of
Criminal
Investigation

The Office of Criminal Investigation (OCI) is the Division of Taxation's law enforcement and criminal investigation arm. Its primary mission is to investigate allegations of violations of the State tax code and criminal code. OCI enforces all statutes and regulations administered by the Division. OCI works closely with other federal, state, and local law enforcement and criminal justice agencies, focusing on economic and financial crimes that have tax compliance consequences. OCI special agents provide emergency management support to the Department of the Treasury.

Special agents are sworn, certified, and armed law enforcement officers who serve on federal and State law enforcement task forces, bringing their financial investigative expertise and resources to multijurisdictional organizations serving the citizens of New Jersey.

OCI is made up of two Sections: Strategic Investigation, and Operations and Enforcement. The Strategic Investigation Section has three units: Financial Investigation, Special Frauds, and Technical Enforcement. The Operations and Enforcement Section consists of the Special Investigation, Motor Fuels,

Internal Security, and Intelligence units.

Financial Investigations is staffed by special agents and forensic auditors who investigate criminal violations involving taxes administered by the Division with a focus on Sales and Use, Gross Income, and Corporation Business taxes.

The *Special Frauds Unit* investigates tax refund fraud, false filings, and other criminal schemes that defraud the State of revenue. It assists in implementing systems and tactics to prevent unlawful refunds. Developing intelligence on these schemes helps identify violators involved in fraud across multiple jurisdictions.

The *Technical Enforcement Unit's* primary responsibility is to protect monies due the State of New Jersey. It reviews records of payments made to the State that are dishonored by financial institutions.

The unit helps prosecute violators who don't make good on dishonored checks and failed electronic funds transfers. It coordinates with the Division's civil units to identify flagrant violators who fail to respond to compliance efforts.

The *Special Investigations Units* consists of special agents who investigate violations of the Cigarette Tax Act and the Tobacco and Vapor Products Tax Act. Contraband smuggling and counterfeiting of tax

indicia such as cigarette stamps are priority investigations.

The ***Motor Fuels Unit*** consists of special agents who investigate violations of the New Jersey Motor Fuels Tax Act. There are many types of fuels and product formulations, and special agents must monitor fuel taxability across the entire spectrum of sales and usage. Special agents also ensure the proper licensing of fuel dealers and transporters is maintained.

The ***Internal Security Unit*** 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. The Internal Security Unit provides training for new employees on confidentiality statutes, rules and policies, and bribery-awareness issues.

The ***Intelligence Unit*** maintains relationships with law enforcement and prosecutorial agencies that help collect and analyze information

on criminal matters and facilitate intelligence-led law enforcement. It provides a presence at the New Jersey Regional Operations Intelligence Center and leverages technology through law enforcement and intelligence systems that bolster criminal investigation capability. The Intelligence Unit also administers the Division of Taxation's Report Tax Fraud program. The unit processes and investigates complaints from the public.

TAXES AND PROGRAMS ADMINISTERED

Table 1: Major State Revenue Collections (Net) Fiscal Years 2015–2017

Revenue Source ¹	2017 ² (\$)	% of Total	2016 (\$)	% of Total	2015 (\$)	% of Total	% Change 2016–17
Collected by the Division:							
Admissions surcharge	452,850	0.0%	372,572	0.0%	668,778	0.0%	21.5%
Alcoholic Beverage	137,757,529	0.4%	138,798,624	0.4%	138,547,928	0.4%	(0.8%)
Casino Revenue	218,650,195	0.7%	209,417,118	0.7%	206,143,487	0.7%	4.4%
Cigarette (Total Revenue)	671,972,656	2.1%	677,215,960	2.2%	692,226,235	2.2%	(0.8%)
Controlling Interest Transfer Tax ³	4,389,779	0.0%	11,197,615	0.0%	11,291,166	0.0%	(60.8%)
Corporation Taxes:							
Corporation Business ⁴	2,144,029,786	6.6%	2,299,017,310	7.4%	2,738,758,941	8.8%	(6.7%)
CBT Banks & Financials	200,336,277	0.6%	178,190,722	0.6%	127,231,015	0.4%	12.4%
Cosmetic Medical Procedure Tax ⁵	78,236	0.0%	18,626	0.0%	301,380	0.0%	320.0%
Domestic Security Fee	38,693,007	0.1%	37,822,152	0.1%	35,835,502	0.1%	2.3%
Environmental Taxes							
Landfill Closure and Contingency	1,863,852	0.0%	1,977,779	0.0%	1,809,732	0.0%	(5.8%)
Litter Control	21,728,529	0.1%	27,362,650	0.1%	22,988,830	0.1%	(20.6%)
Public Community Water Systems	2,698,727	0.0%	2,715,713	0.0%	2,655,292	0.0%	(0.6%)
Recycling	26,749,526	0.1%	29,319,459	0.1%	23,806,638	0.1%	(8.8%)
Spill Compensation	23,240,668	0.1%	23,677,719	0.1%	23,546,288	0.1%	(1.8%)
Gross Income Tax	13,958,119,470	42.8%	13,355,992,259	42.9%	13,250,001,844	42.5%	4.5%
Hotel Motel Occupancy Fee/Tax	101,206,200	0.3%	98,400,760	0.3%	95,430,338	0.3%	2.9%
Insurance Premiums	579,641,817	1.8%	605,446,659	1.9%	648,090,140	2.1%	(4.3%)
Meadowlands Collections	4,007,112	0.0%	2,764,784	0.0%	1,024,793	0.0%	
Miscellaneous Revenues	6,520,304	0.0%	1,861,281	0.0%	13,383,905	0.0%	250.3%
Mobile Telecommunications Fee	121,909,490	0.4%	122,149,890	0.4%	121,631,961	0.4%	(0.2%)
Motor Fuels	532,878,138	1.6%	554,472,717	1.8%	535,549,839	1.7%	(3.9%)
Motor Vehicle Tire Fee	10,177,065	0.0%	9,874,730	0.0%	9,733,855	0.0%	3.1%
Nursing Home Provider Assessment	130,355,962	0.4%	132,893,464	0.4%	126,613,161	0.4%	(1.9%)
Petroleum Products	873,769,023	2.7%	214,760,068	0.7%	215,064,122	0.7%	306.9%
Public Utility Excise	17,522,068	0.1%	17,151,540	0.1%	15,570,113	0.0%	2.2%
Railroad Franchise	7,359,742	0.0%	6,960,745	0.0%	7,761,914	0.0%	5.7%
Railroad Property	4,761,324	0.0%	4,637,651	0.0%	4,547,030	0.0%	2.7%
Sales Taxes:							
Sales and Use ⁴	9,591,881,386	29.4%	9,267,703,006	29.8%	9,146,025,530	29.3%	3.5%
Atlantic City Lux & Promo (Loc Use)	29,325,824	0.1%	29,659,604	0.1%	32,155,755	0.1%	(1.1%)
Tobacco Products Wholesale	25,604,446	0.1%	23,510,450	0.1%	23,329,540	0.1%	8.9%
Cape May County Tourism (Loc Use)	6,766,199	0.0%	6,951,178	0.0%	6,520,516	0.0%	(2.7%)
Sports and Entertainment Facility Tax ⁶	35,732	0.0%	28,081	0.0%	34,518	0.0%	27.2%
<u>Transfer Inheritance and Estate</u>	<u>748,629,879</u>	<u>2.3%</u>	<u>769,688,165</u>	<u>2.5%</u>	<u>793,508,218</u>	<u>2.5%</u>	<u>(2.7%)</u>
Revenue Collected by the Division	30,243,112,798	92.8%	28,862,011,051	92.8%	29,071,788,304	93.1%	4.8%
<i>Collected Outside the Division</i>							
State Athletic Control Board	227,971	0.0%	431,830	0.0%	572,257	0.0%	(47.2%)
Casino Control	45,183,686	0.1%	39,823,221	0.1%	51,483,695	0.2%	13.5%
Lottery	995,627,539	3.1%	987,000,000	3.2%	960,000,000	3.1%	0.9%
Motor Vehicle Fees (total revenue)	725,061,194	2.2%	698,410,446	2.2%	692,471,643	2.2%	3.8%
Outdoor Advertising (total revenue)	1,628,136	0.0%	1,605,750	0.0%	1,689,758	0.0%	1.4
Realty Transfer (total revenue)	565,735,991	1.7%	513,694,195	1.7%	435,083,539	1.4%	10.1%
<u>Total Collected Outside the Division</u>	<u>2,333,464,517</u>	<u>7.2%</u>	<u>2,240,965,442</u>	<u>7.2%</u>	<u>2,141,300,892</u>	<u>6.9%</u>	<u>4.1%</u>
Total Major State Revenue Collections	32,576,577,315	100%	31,102,976,494	100%	31,213,089,196	100.0%	4.7%

1 Figures are from the Comprehensive Annual Financial Report unless otherwise indicated.

2 The 2017 figures are subject to adjustment.

3 Summaries of Revenues, Expenditures and Fund Balances, Governor's Budget Message.

4 Includes the on-budget amount of Energy Tax for Sales Tax and CBT.

5 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.

6 New Jersey Division of Taxation Records.

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	<u>N.J.S.A. Citation</u>	Tax	<u>N.J.S.A. Citation</u>
Admissions Surcharge.....	40:48G-1 <i>et seq.</i>	9-1-1 System and Emergency Response Assessment.....	52:17C-17 <i>et seq.</i>
Alcoholic Beverage Tax.....	54:41-1 <i>et seq.</i>	Nursing Home Assessment	26:2H-92 <i>et seq.</i>
Atlantic City Casino Taxes and Fees	5:12-148.1 to 5:12-148.3 5:12-148.8 5:12-173.2	Petroleum Products Gross Receipts Tax.....	54:15B-1 <i>et seq.</i>
Atlantic City Luxury Sales Tax.....	40:48-8.15 <i>et seq.</i> 54:32B-24.1 <i>et seq.</i>	Property Tax Relief Programs.....	54:4-8.67 <i>et seq.</i> Homestead Benefit
Atlantic City Tourism Promotion Fee.....	40:48-8.45 <i>et seq.</i>	NJ SAVER Rebate.....	54:4-8.58a and 54:4-8.58b
Cape May County Tourism Sales Tax.....	40:54D-1 to 10	Property Tax Reimbursement.....	54:4-8.67 <i>et seq.</i>
Cigarette Tax	54:40A-1 <i>et seq.</i> 56:7-18 <i>et seq.</i>	Public Community Water System Tax.....	58:12A-1 <i>et seq.</i>
Controlling Interest Transfer Tax.....	54:15C-1	Public Utility Taxes: Public Utility Excise, Franchise, and Gross Receipts Taxes.....	54:30A-49 <i>et seq.</i>
Corporation Business (Net Income and Net Worth) Tax	54:10A-1 <i>et seq.</i> CBT Banking Corporation	Railroad Franchise Tax.....	54:29A-1 <i>et seq.</i>
	54:10A-1 <i>et seq.</i>	Railroad Property Tax.....	54:29A-1 <i>et seq.</i>
	54:10A-1 <i>et seq.</i>	Realty Transfer Fee.....	46:15-5 <i>et seq.</i>
Cosmetic Medical Procedures Gross Receipts Tax.....	54:32E-1 <i>et seq.</i>	Recycling Tax	13:1E-96 <i>et seq.</i>
Domestic Security Fee.....	App.A:9-78	Sales and Use Tax	54:32B-1 <i>et seq.</i>
Gross Income Tax	54A:1-1 <i>et seq.</i>	Spill Compensation And Control Tax	58:10-23.11 <i>et seq.</i>
Hotel/Motel Occupancy Fee and Municipal Occupancy Tax	54:32D-1 <i>et seq.</i>	Sports and Entertainment Facility Tax	34:1B-193 <i>et seq.</i>
Insurance Premiums Tax.....	54:16-1 <i>et seq.</i> 54:17-4 <i>et seq.</i> 54:18A-1 <i>et seq.</i>	Tobacco Products Wholesale Sales and Use Tax	54:40B-1 to 14
Landfill Closure and Contingency Tax	13:1E-100 <i>et seq.</i>	Transfer Inheritance and Estate Taxes: Transfer Inheritance.....	54:33-1 <i>et seq.</i>
Litter Control Fee.....	13:1E-213 <i>et seq.</i>	Estate	54:38-1 <i>et seq.</i>
Local Property Tax.....	54:4-1 <i>et seq.</i>	Uniform Transitional Utility Assessment.....	54:30A-114 <i>et seq.</i>
Meadlowlands Regional Hotel Use Assessment.....	5:10A-85		
Motor Fuel Tax.....	54:39-101 <i>et seq.</i>		
Motor Vehicle Tire Fee	54:32F-1 <i>et seq.</i>		

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

The Division of Taxation collects the revenue. The Treasurer certifies the revenue, and it is distributed to each municipality from which it is collected.

The revenue, if any, received by a municipality shall be appropriated as a special item of local revenue subject to approval by 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 on 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 non-beverage uses.

Rate

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

Disposition of Revenues

The State deposits the revenue in the Treasury for general use, except for \$11 million that is deposited annually since July 1, 1992, 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% on multi-casino progressive slot machine revenue;
- 8% 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 Casino Parking Fee are allocated to the Casino Revenue Fund (\$0.50) and the CRDA (\$2.50). Revenues from the \$3 Casino Hotel Room Occupancy Fee are allocated to the Casino Revenue Fund (\$2) and the CRDA (\$1).

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 charity 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%.

On January 1, 2018, the law reduced the combined rate for sales subject to both Sales Tax and the Atlantic City Luxury Tax from 12.875% to 12.625% (9% Atlantic City Luxury Tax and 3.625% Sales Tax). The following rules apply:

Alcoholic beverages that are sold by the drink – including bottles of beer and wine consumed on the premises – are taxable at 9.625% (3% Atlantic City Luxury Tax and 6.625% Sales Tax).

Sales that are subject to both taxes, other than alcoholic beverages sold by the drink, are taxed at 12.625%. Packaged goods are taxed at 6.625%.

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. Atlantic City is the only city that qualifies under the law. The fee is payable by all hotels, motels, and rooming houses. 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 taxable under the Sales and Use Tax Act): room rental

in hotels, motels, or boarding houses; food and drink sold by restaurants, taverns, and 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 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 on or after April 1, 2003.

Effective January 1, 2018, businesses in Wildwood, North Wildwood, and Wildwood Crest collect a 2% Cape May Tourism Tax and a 6.625% New Jersey Sales Tax on tourism-related sales. (Combined rate, 8.625%) This is in addition to the 1.85% Tourism Assessment and the 3.15% State Occupancy Fee on hotel occupancies.

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 0.00174757% 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 million 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 million. 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% on entire net income, or the portion of entire net income

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

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

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

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

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

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

<i>New Jersey Gross Receipts</i>	<i>Minimum Tax*</i>
Less than \$100,000	\$ 375
\$100,000 or more, but less than \$250,000	562
\$250,000 or more, but less than \$500,000	750
\$500,000 or more, but less than \$1,000,000	1,125
\$1,000,000 or more	1,500

*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.

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 on all domestic corporations. Between 1884 and 1946, the Franchise Tax was based on 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 on allocated net income to the tax based on allocated net worth. The 1958 amendment also changed the tax year from a calendar year for all corporations to a privilege period coinciding with the accounting year for each taxpayer.

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

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

Net Income Tax rates have changed as follows:

<i>Effective Date</i>	<i>Rate</i>
January 1, 1959 (C. 63, P.L. 1958)	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 tax 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, C. 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 carry-forward 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, provided 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, limited 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, decoupled Corporation Business Tax from changes in federal

bonus depreciation and certain expensing principles under IRC Section 179.

P.L. 2005, C. 127, uncoupled 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, imposed 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, increased the amount of State tax credits granted to businesses providing funding to qualified neighborhood revitalization projects.

P.L. 2007, C. 257, established 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, eliminated the throw-out 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, provided a one-year extension of the 4% surcharge on Corporation Business Tax liability and decoupled 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, extended 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 reduced the annual cap imposed on the Corporation Business Tax benefit certificate transfer program available to certain technology and biotechnology companies, temporarily suspended 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, created the Offshore Wind Economic Development Act, established 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, provided for the creation of benefit corporations, the purpose of which is to create a “general public benefit.”

P.L. 2011, C. 59, modified 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 established 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, removed the limitation on the application of the research and development tax credit to 50% of the liability otherwise due.

P.L. 2011, C. 84, decreased the minimum Corporation Business Tax on certain New Jersey subchapter S corporations by 25%.

P.L. 2011, C. 149, established 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, amended the Urban Transit Hub Tax Credit Act to increase the cap on the total amount of tax credits authorized under the Act, and extended 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, revived 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, merged 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, revised 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 calculated 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, established 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 Non-resident 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 calculated 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 current definition of an “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, provided that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes would 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 the 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 on banks is now administered solely by the Division.

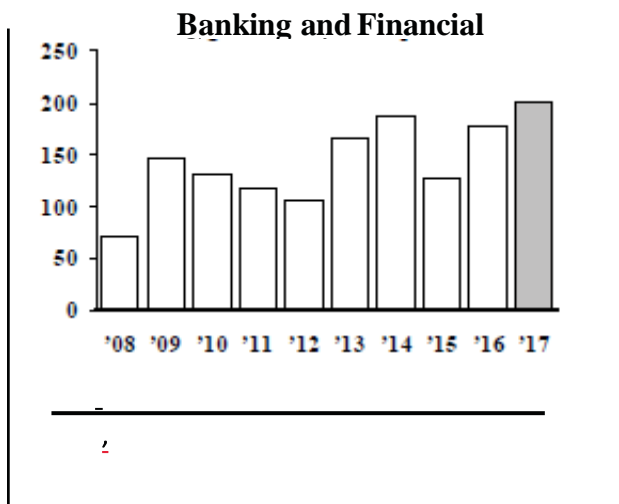
Financial business corporations were formerly subject to the Financial Business Tax. These included such corporations as small loan companies and mortgage finance companies that are now subject to Corporation Business Tax.

Chapter 171, P.L. 1975, provided that during each of the years 1976, 1977, and 1978, each financial business corporation would 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
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
2015	127,231,015
2016	178,190,722
2017	200,336,277

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 calculated 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 replaced the three-fraction formula. This change was 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 accounted for 70% of the allocation, and the property and payroll fractions each accounted for 15% of the allocation.

For privilege periods beginning on or after January 1, 2013, but before January 1, 2014, the sales fraction accounted for 90% of the allocation, and the property and payroll fractions each accounted for 5% of the allocation.

For privilege periods beginning on or after January 1, 2014, the sales fraction accounts 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 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.

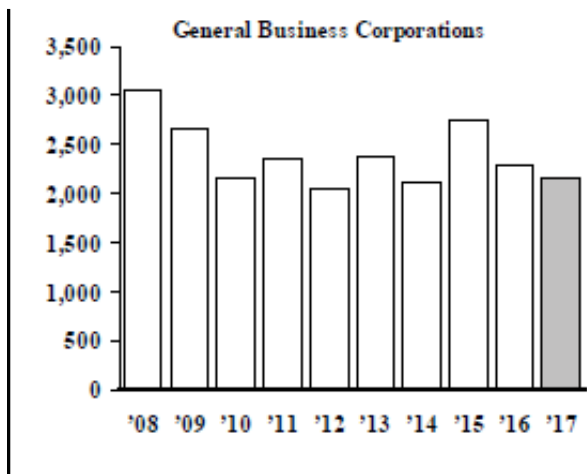
For privilege periods beginning after June 30, 2006, the AMA is \$0, except for taxpayers claiming exemption under

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 is \$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
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
2015	2,738,758,941
2016	2,299,017,310
2017	2,144,029,786

Cosmetic Medical Procedures Gross Receipts Tax

Description

P.L. 2004, C. 53, imposed 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, phased 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 was 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.

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 spouse also refers to partner in 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;
- Veterans who were honorably discharged or released under honorable circumstances, additional \$3,000.

Deductions

- 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 tax years beginning after July 7, 1993.

Chapter 178, P.L. 1993, changed the method of calculating 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 calculate 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 Tax 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 Tax 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 Tax Years 1996 and thereafter. In combination with the prior two rate reductions, the cumulative decrease

from the 1993 Tax 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.

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

P.L. 2004, C. 55, 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 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, C. 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 Benefits, 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 tax 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 Tax 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 required 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, cut 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,” revived 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, increased compensation for wrongful imprisonment and excludes such compensation from New Jersey gross income.

P.L. 2015, C. 73, increased the New Jersey Earned Income Tax Credit from 20% of the federal amount to 30% of the federal amount, effective beginning with the 2015 Tax Year.

P.L. 2016, Chapter 57 makes changes to various income exclusions, deductions and credits within the Gross Income Tax including:

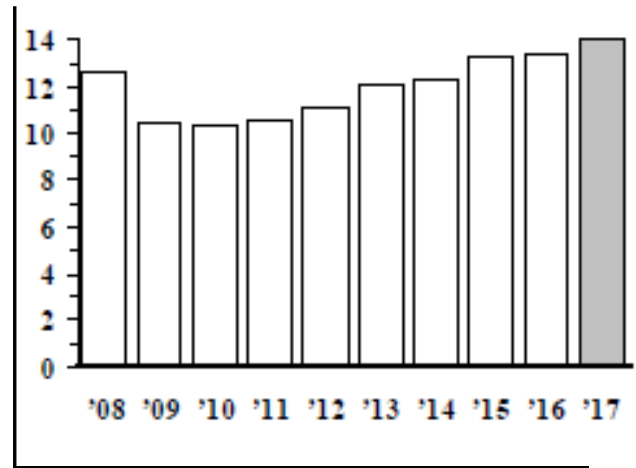
Pension and Other Retirement Exclusion – This law increases the gross income tax pension and other retirement income exclusions for qualified taxpayers over a four year

phase-in period. When fully phased in for Tax Year 2020, the exclusions will be \$100,000 for married/civil union couples filing jointly, \$75,000 for individuals, and \$50,000 for married/civil union partners filing separately.

Earned Income Tax Credit – For tax years beginning on or after January 1, 2016, this law increases the New Jersey earned income tax credit (NJ EITC) from 30 percent to 35 percent, of the allowable federal credit.

Personal Exemptions and Deductions – This law establishes a personal exemption of \$3,000 for veterans who were honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component thereof, or the National Guard of New Jersey in a federal active duty status, as defined in N.J.S.38A:1-1. This exemption is in addition to the \$1,000 personal exemption that each taxpayer is entitled to, and any other additional exemption for which the veteran is eligible.

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



Fiscal Year	Collections
2008	12,605,545,164
2009	10,476,267,266*
2010	10,322,942,702*
2011	10,617,034,179
2012	11,128,418,349
2013	12,108,615,149
2014	12,311,695,518
2015	13,250,001,844
2016	13,355,992,259
2017	13,959,119,470

*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 occupancy tax at a 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 on 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 toilettries, 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.

Manufacturers, wholesalers, and distributors of litter-generating products pay a fee of $\frac{3}{100}$ of 1% (0.03%) 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 15 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) — Local Property Tax Amounts are

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 on each property. See Appendix A for the 2014 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 on real estate and on 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 on 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

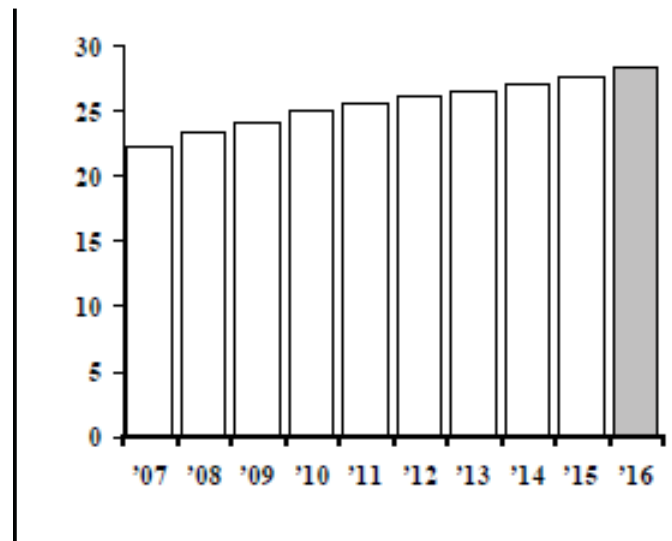
property of religious, educational, charitable, and various types of nonprofit organizations. R.S. 54:4-3.6 was amended to permit a religious or charitable organization to lease property to another exempt entity for a different exempt use without the loss of its Property Tax exemption.

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, to \$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
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
2014	27,114,753,398
2015	27,651,166,920
2016	28,354,102,097

Meadowlands Regional Hotel Use Assessment

Description:

P.L. 2015, C. 19, imposes an assessment on charges for the occupancy of every room in the hotels located in the Meadowlands District,

including any hotels located on State-owned land. The assessment is imposed on room rentals that are currently subject to the New Jersey Sales Tax and is in addition to the Sales Tax, the Hotel/Motel State Occupancy Fee, and the Municipal Occupancy Tax, as well as any other tax or fee imposed by local ordinance on hotel occupancies.

Rate

The Meadowlands Regional Hotel Use Assessment rate is 3%.

Disposition of Revenues

The monies collected from the Meadowlands Regional Hotel Use Assessment are deposited into the Intermunicipal Account and used to pay Meadowlands adjustment payments to municipalities in the Meadowlands District. Any remaining revenue may be used to perform projects in the areas of flood control, traffic, renewable energy, or other infrastructure projects; promote the Meadowlands District as a tourism destination; fund the acquisition of property for the purpose of open space preservation; or fund the creation of parks and other recreational facilities.

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

Effective Dec. 8, 2016, all revenue from the Motor Fuels Tax and the Petroleum Products Gross Receipts Tax was dedicated to transportation need. Before this dedication, certain revenues were credited to a special account in the General Fund and were 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.

Motor Fuel Bad Debt

P.L. 2016, C. 66, provides certain fuel dealers and distributors with refunds of petroleum products gross receipts tax and credits against motor fuel tax for certain bad debts from sale of fuel.

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 & 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 cents 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), established 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

P.L. 2016, Chapter 57, raised the rate on gasoline and LPG sales to 26.6 cents per gallon on Nov. 1, 2016. The rate for diesel fuel rose to 19.9 cents per gallon on January 1, 2017, and to 30.7 cents on July 1, 2017. The fuel oil rate rose 12.4 cents per gallon while aviation fuel remained at 4 cents. Eligible taxpayers qualified for a Neighborhood Revitalization State Tax Credit against the Petroleum Products Gross Receipts Tax pursuant to P.L. 2001, C. 415.

Disposition of Revenues

Voters approved a constitutional amendment on Nov. 8, 2016, dedicating all Motor Fuel and Petroleum Products Gross Receipts taxes to the Transportation Trust Fund.

Property Tax Relief

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, Senior Freeze (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.

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 on which program provided the greater benefit. (See NJ SAVER Rebate Program on page 42 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 through 2015 limited eligibility and benefit amounts for Tax Years 2008 through 2012 for homeowners based on income (home-owners 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 Homestead Benefits 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 through 2014, 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, based on income:

- \$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%

Credits for 2010 through 2014 were applied as follows:

<i>Tax Year</i>	<i>Applied/Property Tax bills in</i>
2010	February 2012
2011	August 2013
2012	May 2015
2013	May 2016
2014	May 2017

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 83 1/3% 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 (Senior Freeze)

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 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 through 2008, reimbursements were issued to all eligible applicants for the difference between their Property Taxes for that year 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.)

The amount appropriated for Property Tax relief programs in the State Budget for Fiscal Year 2016 affected reimbursement payments for 2014. Applicants were eligible to receive reimbursement payments only if their 2013 total income did not exceed \$84,289, and their 2014 total income did not exceed \$70,000. (The original limit was \$85,553.)

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. 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 on the owner or operator of every public community water system in New Jersey based on 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% — on gross receipts subject to the Franchise Tax (0.25% for taxpayers with gross receipts not in excess of \$50,000 annually);

0.9375% — on 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 on 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% on 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 on 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; and 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 on 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

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

Total Consideration Over \$350,000		Rate / \$500
Consideration		
<i>over</i>	<i>but not over</i>	
\$ 0	\$ 150,000	\$ 2.90
150,000	200,000	4.25
200,000	550,000	4.80
550,000	850,000	5.30
850,000	1,000,000	5.80
1,000,000*		6.05

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

Total Consideration Not Over \$350,000		Rate / \$500
Consideration		
<i>over</i>	<i>but not over</i>	
\$ 0	\$ 150,000	\$0.50
150,000	350,000	1.25

Total Consideration Over \$350,000		Rate / \$500
Consideration		
<i>over</i>	<i>but not over</i>	
\$ 0	\$150,000	\$1.40
150,000	550,000	2.15
550,000	850,000	2.65
850,000	1,000,000	3.15
1,000,000*		3.40

*Additional fee when consideration is over \$1 million

A 1% fee is imposed on 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 on 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	County Treasurer ₁	State Treasurer ₂	New Jersey AHTF
<i>Over</i>			
<i>But not over</i>			
\$0	\$150,000	\$ 0.75	\$ 1.25
150,000	200,000	0.75	1.85
200,000	350,000	0.75	2.40

Total Consideration Over \$350,000

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

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

Total Consideration Not Over \$350,000

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

Total Consideration Over \$350,000

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

New Construction

Total Consideration Not Over \$350,000

County Consideration	State Treasurer ₁	New Jersey Treasurer ₂	AHTF
<i>Over</i>			
<i>But not over</i>			
\$ 0	\$150,000	\$0.75	\$1.003
150,000	200,000	0.75	0.60
200,000	350,000	0.75	1.15

Total Consideration Over \$350,000

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

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
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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

³Entire 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 2017, a total of \$400,431,144 was paid to the State Treasury in Realty Transfer Fees and deposited into the State General Fund. Amounts not in excess of \$25 million paid during the fiscal year to the State Treasury from the State portion of the basic fee are credited to the Shore Protection Fund.

In Fiscal Year 2017, \$75,690,965 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 2017, the Extraordinary Aid Account received \$87,546,332.

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 non-lapsing, 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 specified digital products; retail sale of producing, fabricating, processing, installing, maintaining, repairing, and servicing tangible personal property or specified digital products; maintaining, servicing, or repairing real property; certain mail processing 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 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 non-prescription 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; and 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 multi-state 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

Until January 1, 2017, the rate was 7% on taxable sales. The State lowered the rate to 6.875 percent on that date. It fell to 6.625 percent on January 1, 2018.

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 ad space in 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 applies to tangible personal property (except autos and property incorporated into a building or structure) used “directly and primarily” in production for sale of tangible personal property for sale at farms, ranches, nurseries, orchards, and greenhouses (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 created 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) authorized 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, brought 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 multi-state 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 was in effect for seven years, and during that time the economic effect of allowing the facility's exemption was reviewed annually.

P.L. 2007, C. 105, effective July 1, 2007, carved out certain exceptions to two new impositions of tax that were part of the expansion of Sales and Use Tax. The Act amended 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 amended 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, repealed the Fur Clothing Retail Gross Receipts Tax and Use Tax and replaced 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, broadened 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, clarified the meaning of “contiguous property” and removed limitations on exemption for natural gas and utility service used for cogeneration.

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

P.L. 2012, C. 40, established 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.

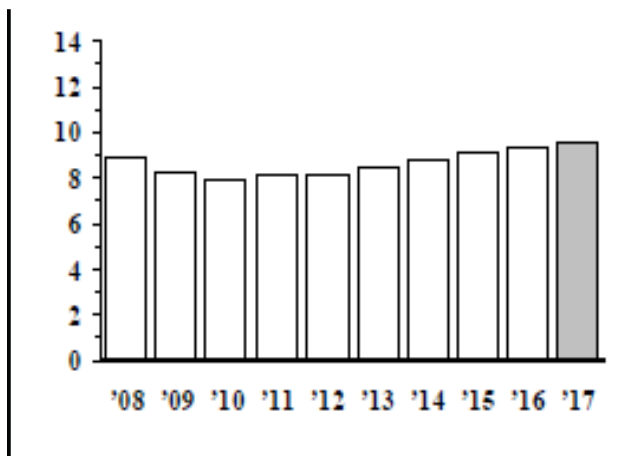
P.L. 2014, C. 13, created the presumption that a remote seller making sales to New Jersey customers of tangible personal property, specified digital products, or services taxable under the Sales and Use Tax Act has nexus with New Jersey and is required to collect and remit New Jersey Sales Tax if that 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.

P.L. 2015, c. 170 amended the Sales and Use Tax Act to provide a 50 percent Sales and Use Tax exemption on the sale of new and used boats or other vessels (including motorboats, sailboats, yachts, and cruisers) and capped the amount of Sales and Use Tax so that the most that the State can collect on each sale is \$20,000. As a result, the Sales and Use Tax rate goes to half of the applicable rate.

P.L. 2016, Chapter 57, Section 3, reduced the Sales Tax rate from 7 percent to 6.875 percent on and after January 1, 2017, and then to 6.625 percent on January 1, 2018.

P.L. 2017, c.27, eliminates tax on receipts from transportation services that originate in this State and are provided by a limousine operator on or after May 1, 2017.

Sales and Use Tax Collections (In Billions)



Fiscal Year Collections

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
2015	9,146,025,530
2016	9,267,703,006
2017 ¹	9,591,881,386

¹Rate reduced to 6.875% on Jan. 1, 2017. Previous rate was 7%

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 required 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, instituted 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 was amended by raising the maximum annual gross receipts threshold from less than \$1 million to less than \$3 million.

P.L. 2008, C. 118, broadened 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 — 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 on 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 was imposed in addition to the Transfer Inheritance Tax on the estates of resident decedents. It was phased out and was eliminated on January 1, 2018. An Estate Tax was payable if the Inheritance Tax paid to New Jersey was 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 on 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 was based on the credit for State inheritance, estate, succession, or legacy taxes 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 The Transfer Inheritance Tax

On December 31, 2016, New Jersey capped the Estate Tax exemption at \$675,000, then raised the cap to \$2 million on January 1, 2017. The Estate Tax expired on January 1, 2018. Before expiration, exemptions were granted for:

- 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 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 calculated 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.

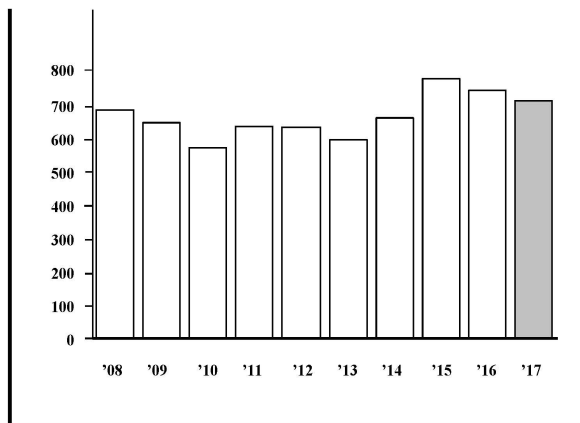
P.L. 2004, C. 132, enacted August 31, 2004, and effective on the 180th day following enactment, makes important changes in the way estates and trusts must be administered. This change would indirectly affect both Inheritance and Estate Tax.

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

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
2015	793,508,218
2016	769,688,165
2017	748,629,879

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 is available only as a nonrefundable credit against the tax in which the estimation is made, and cannot be claimed until after August 1 of the year the assessment is paid.

Rate

For energy taxpayers, the assessment is 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 is 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.

LEGISLATION AND COURT DECISIONS

LEGISLATION

Administration

P.L. 2017, c.2 , *New Jersey Open Data Initiative*, signed into law on February 6, 2017, and effective May 7, 2017, requires that certain information be provided on the Internet to public and State agencies. The law calls for a standard dataset (a named collection of related, digitally stored data) format to be used by all agencies under the direction of a Chief Data Officer.

Corporation Business Tax

P.L. 2017, c.40, *Emerging New Jersey Technology Holding Companies Investments*, signed into law on May 1, 2017, effective immediately, and applicable retroactively to qualified investments made for tax years beginning on or after January 1, 2012, amends the New Jersey Angel Investor Tax Credit Act to authorize a tax credit

against the Corporation Business Tax and Gross Income Tax for qualified investments in a New Jersey emerging technology business holding company.

The bill provides that for the tax credit to be allowed, 100% of the taxpayer's qualified investment in the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business holding company must be transferred from the holding company to the New Jersey emerging technology business.

Estate Tax

P.L. 2016, c.57, *Adjustments to Specified State Taxes*, phases out the New Jersey Estate Tax over two years by increasing the tax exclusion threshold of \$675,000 to \$2 million for resident decedents dying on or after Jan. 1, 2017. No Estate Tax will be imposed on the transfer of an estate of a resident decedent who dies on or after Jan. 1, 2018.

Gross Income Tax

Pension and Retirement Income Exclusion. P.L. 2016, c.57. Adjustments to Specified State Taxes, increases the New Jersey Gross Income Tax pension and retirement income exclusions over four years for certain retired New Jersey taxpayers. The exclusion is only allowed if the taxpayer's gross income is not more than \$100,000.

Earned Income Tax Credit. The law increased the New Jersey Earned Income Tax Credit (NJEITC) to 35 percent of the federal benefit amount beginning in tax year 2016. The NJEITC, which piggybacks on the federal EIC program, previously provided a refundable Earned Income Tax Credit equal to 30 percent of the federal benefit amount.

Veteran's Personal Exemption. The law provides a personal exemption of \$3,000 for any veteran who is honorably discharged or released under honorable circumstances from active duty in the Armed Forces of the United States, a reserve component thereof or the National Guard of New Jersey in a federal active duty status.

P.L. 2017, c.67, *Wounded Warrior Caregivers Relief Act*, signed into law on May 11, 2017, effective immediately, and applicable to tax years beginning on or after January 1, 2018, provides an Income Tax credit to family caregivers of certain armed services members with

physical disabilities. A qualified family caregiver is eligible for an Income Tax credit equal to 100% of the federal veteran disability compensation or \$675, whichever is less.

P.L. 2017, c.24, *Checkoff for Autism Programs Fund* establishes the Autism Programs Fund. It also allows taxpayers to donate to the 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. The law is applicable to tax years beginning on or after January 1, 2018.

Local Property Tax

P.L. 2016, c.63 — *Deferred Mortgage Loan and Property Tax Payments*, allows certain National Guard and Armed Forces Reserve members to temporarily defer mortgage loan payments and Property Tax payments while in service on federal active duty. The mortgage loan deferment remains in effect for 60 days after release from federal active duty. The deferment for Property Tax payments remains in effect for 90 days after release from federal active duty.

P.L. 2016, c.65 — *Stadium and Arena Property Tax Exemption* clarifies and reaffirms that stadiums and arenas owned by government entities are exempt from property taxation. The bill reaffirms that when government entities

enter into private-public arrangements and lease property to for-profit entities to achieve stadium and arena uses, that such property, including any leasehold interest in such property, remains entirely tax-exempt.

Miscellaneous

P.L. 2016, c.51, *Economic Redevelopment and Growth Grant (ERGG) Clarification* authorizes the Economic Development Authority (EDA) to award an additional \$90 million in tax credits under the Economic Redevelopment and Growth Grant (ERGG) Program and clarifies Section 6 of P.L. 2009, c.90, by reconciling three recent enactments of the Legislature, each of which amended that section of the law.

P.L. 2016, c.56 *Revised New Jersey Transportation Trust Fund Authority Act*. The law, which revises the New Jersey Transportation Trust Fund Authority Act of 1984, establishes the State Transportation Infrastructure Bank within the New Jersey Environmental Infrastructure Trust and renames the Trust. Amendments also provide that all revenues generated from the Motor Fuels Tax and the Petroleum Products Gross Receipts Tax are now deposited into the Transportation Trust Fund.

Q.P.L. 2016, c.57, *Adjustments to Specified State Taxes*, amends and supplements some State taxes. It decreases the Sales and Use Tax rates, phases out the Estate Tax, expands the Gross Income Tax pension and re-retirement income exclusions, increases the New Jersey Earned Income Tax Credit (NJEITC), establishes a new veteran's personal exemption, and creates a cents-per-gallon rate for the Petroleum Products Gross Receipts Tax.

P.L. 2016, c.84, *Small Business Bonding Readiness Assistance Program*, signed into law on January 4, 2017, effective immediately, and inoperative for 30 days following the date of enactment, establishes the Small Business Bonding Readiness Assistance program in the New Jersey Economic Development Authority (EDA). The EDA will maintain the program, which provides support services to small businesses and assists small businesses in securing surety bonding so they can bid on public works projects or perform contracts offered by the State or federal government. The EDA would enter into an agreement with a nonprofit business advocacy association to provide this assistance.

Motor Fuels

P.L. 2016, c.66, *Motor Fuel Bad Debt*, provides certain fuel dealers and distributors refunds of Petroleum Products Gross Receipts Tax and credits against Motor Fuel Tax for certain bad debts from sales of fuel.

Multiple Taxes

P.L. 2016, c.51, *Economic Redevelopment and Growth Grant (ERGG) Clarification* authorizes the Economic Development Authority (EDA) to award an additional \$90 million in tax credits under the Economic Redevelopment and Growth Grant (ERGG) Program and clarifies section 6 of P.L. 2009, c.90, by reconciling three recent enactments of the Legislature, each of which amended that section of the law.

Section 6 of P.L. 2009, c.90, imposes limits on the overall amount of tax credits the EDA may approve under the ERGG Program and allocates funding to specific geographic regions and categories of projects. Prior to the recent amendments to this statute, this provision of the law limited the overall amount of tax credits that the EDA may approve under the ERGG Program to \$600 million.

advocacy association to provide this assistance.

P.L. 2016, c.56, *Revised New Jersey Transportation Trust Fund Authority Act*, revises the New Jersey Transportation Trust Fund Authority Act of 1984. It establishes the State Transportation Infrastructure Bank within the New Jersey Environmental Infrastructure Trust and renames the Trust. The amendments also provide that all revenues generated from the Motor Fuels Tax and the Petroleum Products Gross Receipts Tax are now deposited into the Transportation Trust Fund.

P.L. 2016, c.57, *Adjustments to Specified State Taxes*, amends and supplements specified State taxes. It decreases the Sales and Use Tax rates, phases out the Estate Tax, increases the Gross Income Tax pension and retirement income exclusions, increases the New Jersey Earned Income Tax Credit (NJEITC), establishes a new veteran's personal exemption and creates a cents-per-gallon rate on Petroleum Products Gross Receipts Tax.

Petroleum Products Gross Receipts Tax

P.L. 2016, c.57, 15B-3 to 15B-10 provides for increases in the Petroleum Products Gross Receipts Tax. Previously, the Petroleum Products Tax was imposed at the rate of 2.75 percent on gross receipts from the first sale of petroleum products in New Jersey. In the case of motor fuels, aviation fuels and heating fuels (home heating fuels are exempt), this rate is converted to \$0.04 per gallon.

The new law increases the base rate on petroleum products, other than highway fuel and aviation fuel, from 2.75 percent to 7 percent of gross receipts and increases the base rate on highway fuel from 2.75 percent to 12.85 percent of gross receipts.

The new tax rates for highway fuel, other than diesel fuel, went into effect Nov. 1, 2016. The rate increase on diesel fuel will occur in two steps: (1) 70 percent of the rate increase took effect on Jan. 1, 2017, and (2) the full rate increase will take effect on July 1, 2017.

The 12.85% tax on gasoline (excluding aviation gasoline), gasoline equivalents and liquefied petroleum gas is converted to a cents-per-gallon rate based on the retail price of gasoline before State and federal taxes. The 12.85% tax on diesel fuel,

diesel fuel equivalents and kerosene (other than aviation grade kerosene) is converted to a cents-per-gallon rate based on the retail price of number 2 diesel before tax.

The diesel and kerosene rate increased on Jan. 1, 2017, to 70 percent of the 12.85 percent rate. On and after July 1, 2017, diesel and kerosene will be taxed at the full 12.85 percent rate. These cents-per-gallon rates can be adjusted quarterly but cannot fall below the rates determined on July 1, 2016.

Each fiscal year from 2018 through 2026, the State Treasurer may determine an adjusted tax rate to be imposed beginning each Oct. 1 so that taxes collected from the Motor Fuels Tax on highway fuel and Petroleum Products Tax on highway fuel do not exceed the highway fuel cap amount for any fiscal year.

The 7 percent tax on fuel oil (excluding fuel oil used for home heating use) is converted to a cents-per-gallon rate based on the pretax retail price of No. 2 fuel oil.

The rate can be adjusted quarterly but cannot fall below the rate determined on July 1, 2016. Initially, the highway fuels will be subject to an additional cents-per-gallon rate of 4 cents. On July 1, 2017, the additional rate on

diesel fuel and kerosene will be raised to 8 cents per gallon.

Review Council

The law establishes a three-member review council composed of the State Treasurer, the Legislative Budget and Finance Officer and a third public member selected by both.

The review council will report to the Governor and the Legislature by Jan. 15, 2020, on the council's consensus estimate of the increase or decrease in State revenues caused by each section of this law during the three prior fiscal years compared to the estimates at the time of enactment.

The review council will monitor the actions of the Legislature on an ongoing basis for interference with the implementation of the provisions of the bill. If implementation of this law is impeded, the council may certify this interference to the Director of the Division of Taxation, triggering the cessation of imposition of one of the components of the Petroleum Products Gross Receipts Tax and ending collection of that part of the tax.

Sales and Use Tax

P.L. 2016, c.54:32B-3, amends section 3 of P.L.1966, c.30 to decrease the Sales and Use Tax rate from 7 percent to 6.875

percent on Jan. 1, 2017. On Jan. 1, 2018, the law further reduces the rate to 6.625 percent.

P.L. 2017, c.27, changes for Certain Limousine Services, amends certain provisions of the Sales and Use Tax Act to eliminate the tax charged on receipts from transportation services that originate in this State and are provided by a limousine operator on or after May 1, 2017.

COURT DECISIONS

Administration

Timely Filing Requirement – *Graziano, Thomas and Bonnie v. Director, Division of Taxation*, decided Sept. 30, 2016, Tax Court Docket No. 001914-2014. On Feb. 22, 2012, the Division issued a request for information to Thomas and Bonnie Graziano (Plaintiffs) regarding their 2008 Gross Income Tax return.

The Plaintiffs failed to respond, and the Division issued an arbitrary notice of deficiency (notice) by certified mail on April 5, 2012, to the Plaintiffs' last known address. The Division received the certified mail return receipt, which was signed by "Bonnie" on April 12, 2012.

On Nov. 7, 2013, Plaintiffs received a collection letter from Pioneer Credit Recovery on behalf of the Division. On that same date, Plaintiff Thomas sent a letter to the Division's Conference and Appeals Branch alleging that he never received the notice of deficiency.

He later claimed that he had forwarded it to the accountant who had filed the return at issue to resolve the notice. After learning that the accountant did not timely challenge the notice, Thomas hired a new accountant who protested the notice and requested a hearing on Nov. 22, 2013.

On Dec. 13, 2013, the Conference and Appeals Branch issued a final determination denying the Plaintiff's protest as untimely and explaining his appeal rights. On March 13, 2014, Plaintiffs filed a complaint in Tax Court claiming that the Division incorrectly calculated the deficiency, and that plaintiffs should not be penalized because their accountant did not file a timely protest.

The Tax Court found that both the protest letter and the complaint were untimely. Consequently, the Court held that it did not have subject matter jurisdiction to hear the merits of the case and that the assessment is final.

Local Property Tax

Property Tax Exemption – *Galloway Township v. Lucienne Duncan*, decided Nov. 14, 2016; Tax Court. Lucienne Reed Duncan served on active duty from Aug. 21, 2006, to Sept. 30, 2010, as a neurologist in the United States Air Force. She was stationed at Andrews Air Force Base in Maryland and provided medical diagnostic support in the special medical care unit.

During her active duty tour, she treated military personnel injured in combat, including exposure to and suffering injury from explosive blasts, gunfire and artillery fire. Duncan treated service members who suffered shrapnel wounds, dismembered extremities, traumatic brain injuries, eye injuries, paralysis and spinal and head injuries. She described her corp's mission as that of a support force providing air medical evacuation for all branches.

Dr. Duncan explained that medical treatment has changed since the days of the Korean and Vietnam conflicts. During that time, surgical units were deployed close to the battlefield. Now, injured personnel are evacuated to more comprehensive medical facilities. Andrews Air Force Base is used as such for injured soldiers before they are transported to the Walter Reed/Bethesda Medical Center System.

Duncan testified that 80–85% of the injured soldiers would see their first doctor at Andrews, and that the percentage of medical doctors on evacuation flights was less than 5%.

After her service in the military, Dr. Duncan went into private practice with AtlantiCare Medical Facility in Galloway Township. Due to her experiences during active duty in the Armed Forces, she was unable to continue her career as a neurologist. In April of 2013, she was declared to have a service-connected 100% permanent disability by the United States Veterans Administration (VA). The parameters for the VA to establish a service-connected disability are defined by federal statute.

Dr. Duncan served in the United States during Operation Enduring Freedom. For this statutory wartime service period, Dr. Duncan’s service must not only be in the “theater of operation” but must also be in “direct support” of the operation.

The issue of “theater of operation” was considered first by the Tax Court. The Court found that Dr. Duncan’s service at Andrews Air Force Base was in a “theater of operation” of Operation Enduring Freedom. The Court referenced *Wellington v. Township of Hillsborough*, 27 N.J. Tax 37 (2012).

As in Wellington, where the service member suffered injuries from chemical agents collected in the battlefield while serving in the United States, so too was Dr. Duncan exposed to the dangers of war through her experience and direct contact with death and trauma from the battlefield. Concerning the issue of “direct support,” the Court explained:

The fact that she was in a permanent facility in the United States, instead of some medical tent in a war zone in Iraq, does not minimize the “direct support” she provided in treating severely wounded soldiers of battle. Moreover, the distance of her stationed facility did not diminish the severity of torn limbs and other injuries she treated such that her service was not an experience of war.

The Court concluded that Dr. Duncan qualifies for the disabled veterans’ Property Tax exemption.

Sales and Use Tax

Separately Stated Charges – *Premier Netcomm Solutions, LLC v. Director, Division of Taxation*; decided October 25, 2016; Tax Court Docket No. 016307-2012; motion for reconsideration decided January 9, 2017.

Premier Netcomm Solutions, LLC (Plaintiff), a company that provides

information technology solutions, was audited by the Division of Taxation for the period January 1, 2004, to December 21, 2010. The resulting Sales Tax assessment was based on a review of sampled invoices that did not break down the taxable and nontaxable charges.

Instead, Plaintiff included all charges on one line of the invoice, which made the entire invoice subject to Sales Tax. In addition, Plaintiff did not provide any invoices or other evidence that it had paid Sales Tax on purchases it made, resulting in the Division making a Use Tax assessment.

Plaintiff argued that some of its purchases were not taxable because it was obvious from the invoice that the purchase was for resale. Plaintiff also argued that because lessors and certain sellers (e.g., Radio Shack, Home Depot, and Best Buy) always collect Sales Tax on their sales, Plaintiff must have paid Sales Tax. The Court upheld the Use Tax assessment noting that Plaintiff failed to provide evidence of resale and that although there is an assumption that certain sellers always charge Sales Tax, that assumption does not constitute proof.

The Court stated that when taxable and nontaxable charges are on the same invoice and are not separately stated, the entire charge is presumed to be taxable, but that presumption can be overcome.

In this case, some of the invoices showed that the sales were destined for out-of-state customers.

Because out-of-state sales are exempt under N.J.S.A. 54:32B-3(b), the Court ruled that those out-of-state sales were not subject to Sales Tax even though taxable and nontaxable charges were not separately stated.

In its decision, the Court held that charges for services performed in connection with pre-written computer software prior to October 1, 2005, were exempt from Sales and Use Tax because the law stating that pre-written computer software was tangible property was not enacted until October 2005.

The Division filed a motion for reconsideration contending that the Court erred in so concluding because the law enacted in October 2005 simply enumerated what was always taxable. After conducting an in-depth review of the Division's relevant publications, notices, and regulations, the Court reversed its decision, finding that the October 2005 law simply restated the existent law in 2004 that pre-written computer software was tangible personal property.

2016 General and Effective Property Tax Rates By Municipality

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Atlantic			Englewood Cliffs Borough	0.979	1.014
Absecon City	3.176	2.919	Fair Lawn Borough	3.137	2.828
Atlantic City	3.860	3.353	Fairview Borough	3.081	2.695
Brigantine City	1.764	1.663	Fort Lee Borough	2.254	2.073
Buena Borough	2.862	3.215	Franklin Lakes Borough	1.641	1.508
Buena Vista Township	2.370	2.511	Garfield City	2.708	2.596
Corbin City	1.820	1.820	Glen Rock Borough	2.790	2.561
Egg Harbor City	4.533	4.318	Hackensack City	3.378	3.143
Egg Harbor Township	3.007	2.924	Harrington Park Borough	2.722	2.495
Estell Manor City	2.395	2.211	Hasbrouck Heights Bor.	3.035	2.649
Folsom Borough	3.124	2.004	Haworth Borough	2.910	2.456
Galloway Township	3.056	2.824	Hillsdale Borough	2.714	2.533
Hamilton Township	2.979	2.763	Ho-Ho-Kus Borough	2.059	1.817
Hammonton Town	2.561	2.583	Leonia Borough	2.785	2.515
Linwood City	3.222	3.284	Little Ferry Borough	3.352	3.275
Longport Borough	0.926	0.885	Lodi Borough	3.242	2.938
Margate City	1.512	1.382	Lyndhurst Township	2.836	2.712
Mullica Township	4.417	2.542	Mahwah Township	1.747	1.678
Northfield City	3.108	3.169	Maywood Borough	2.902	2.591
Pleasantville City	3.995	4.232	Midland Park Borough	2.865	2.546
Port Republic City	3.717	2.214	Montvale Borough	2.260	2.116
Somers Point City	2.823	2.907	Moonachie Borough	2.379	2.097
Ventnor City	2.186	2.297	New Milford Borough	3.322	2.858
Weymouth Township	2.369	2.148	North Arlington Borough	3.099	2.957
Bergen			Northvale Borough	2.676	2.416
Allendale Borough	2.291	2.246	Norwood Borough	2.374	2.180
Alpine Borough	0.768	0.651	Oakland Borough	2.720	2.497
Bergenfield Borough	3.171	3.082	Old Tappan Borough	1.953	1.964
Bogota Borough	3.773	3.379	Oradell Borough	2.976	2.511
Carlstadt Borough	2.126	1.925	Palisades Park Borough	1.901	1.705
Cliffside Park Borough	2.345	2.167	Paramus Borough	1.752	1.592
Closter Borough	2.239	2.184	Park Ridge Borough	2.608	2.238
Cresskill Borough	2.641	2.189	Ramsey Borough	2.287	2.300
Demarest Borough	2.445	2.082	Ridgefield Borough	2.238	2.012
Dumont Borough	3.443	3.077	Ridgefield Park Village	3.624	3.527
Elmwood Park Borough	2.829	2.771	Ridgewood Village	2.476	2.232
East Rutherford Borough	1.945	1.503	River Edge Borough	3.286	2.828
Edgewater Borough	1.779	1.492	River Vale Township	2.417	2.490
Emerson Borough	2.604	2.485	Rochelle Park Township	2.370	2.380
Englewood City	2.557	2.336	Rockleigh Borough	0.956	1.022
			Rutherford Borough	2.604	2.553

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Bergen (continued)			Southampton Township	2.752	2.523
Saddle Brook Township	2.865	2.274	Springfield Township	2.954	2.827
Saddle River Borough	1.019	0.908	Tabernacle Township	2.781	2.632
South Hackensack Twp.	2.764	2.682	Washington Township	1.739	1.789
Teaneck Township	3.096	2.932	Westampton Township	2.276	2.246
Tenafly Borough	2.473	2.182	Willingboro Township	3.754	4.001
Teterboro Borough	1.086	0.997	Woodland Township	2.092	2.354
Upper Saddle River Bor.	2.271	1.825	Wrightstown Borough	3.748	2.801
Waldwick Borough	2.602	2.654			
Wallington Borough	2.858	2.788	Camden		
Washington Township	2.309	2.144	Audubon Borough	3.351	3.425
Westwood Borough	2.627	2.345	Audubon Park Borough	6.024	5.975
Woodcliff Lake Borough	2.144	2.085	Barrington Borough	3.751	3.969
Wood-Ridge Borough	3.833	2.608	Bellmawr Borough	3.629	3.892
Wyckoff Township	1.732	1.778	Berlin Borough	3.054	3.117
			Berlin Township	3.578	3.632
Burlington			Brooklawn Borough	3.090	3.736
Bass River Township	2.186	1.958	Camden City	2.861	2.776
Beverly City	4.301	4.396	Cherry Hill Township	3.640	3.429
Bordentown City	3.331	3.250	Chesilhurst Borough	3.206	3.404
Bordentown Township	3.058	2.737	Clementon Borough	3.737	4.041
Burlington City	3.496	3.372	Collingswood Borough	3.339	3.381
Burlington Township	2.915	2.557	Gibbsboro Borough	5.032	3.665
Chesterfield Township	2.704	2.715	Gloucester City	4.071	3.563
Cinnaminson Township	3.232	2.880	Gloucester Township	3.583	3.725
Delanco Township	2.987	2.775	Haddon Township	3.512	3.330
Delran Township	3.518	3.284	Haddonfield Borough	2.923	2.908
Eastampton Township	2.999	2.828	Haddon Heights Borough	3.088	3.103
Edgewater Park Township	2.720	3.024	Hi-Nella Borough	4.367	4.954
Evesham Township	2.650	2.650	Laurel Springs Borough	7.508	5.141
Fieldsboro Borough	2.637	2.752	Lawnside Borough	3.919	3.855
Florence Township	2.319	2.419	Lindenwold Borough	4.696	4.580
Hainesport Township	2.300	2.184	Magnolia Borough	4.020	4.040
Lumberton Township	2.260	2.371	Merchantville Borough	4.041	3.964
Mansfield Township	3.118	2.555	Mount Ephraim Borough	4.407	4.358
Maple Shade Township	3.322	3.020	Oaklyn Borough	4.307	3.919
Medford Township	3.092	2.814	Pennsauken Township	3.552	3.365
Medford Lakes Borough	3.017	3.014	Pine Hill Borough	4.035	4.608
Moorestown Township	2.498	2.090	Pine Valley Borough	1.702	1.700
Mount Holly Township	2.701	2.925	Runnemede Borough	3.788	3.785
Mount Laurel Township	2.601	2.382	Somerdale Borough	4.141	3.969
New Hanover Township	2.453	1.806	Stratford Borough	4.108	3.967
North Hanover Township	2.073	2.094	Tavistock Borough	1.810	1.796
Palmyra Borough	3.701	3.418	Voorhees Township	3.676	3.344
Pemberton Borough	1.803	1.671	Waterford Township	3.881	3.637
Pemberton Township	3.738	2.271	Winslow Township	3.292	3.265
Riverside Township	3.385	3.496	Woodlynne Borough	7.359	7.779
Riverton Borough	3.338	3.066			
Shamong Township	2.738	2.606			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Cape May			North Caldwell Borough	2.248	2.069
Avalon Borough	0.550	0.511	Nutley Township	3.370	3.062
Cape May City	0.832	0.859	Orange City	4.778	4.228
Cape May Point Borough	0.574	0.578	Roseland Borough	2.218	2.074
Dennis Township	1.543	1.539	S. Orange Village Twp.	3.828	3.258
Lower Township	1.673	1.597	Verona Township	3.063	2.664
Middle Township	1.676	1.739	West Caldwell Township	2.363	2.301
North Wildwood City	1.218	1.236	West Orange Township	3.890	3.642
Ocean City	0.907	0.877			
Sea Isle City	0.672	0.676	Gloucester		
Stone Harbor Borough	0.535	0.567	Clayton Borough	3.730	3.729
Upper Township	1.772	1.634	Deptford Township	2.914	3.020
West Cape May Borough	1.222	1.272	East Greenwich Township	3.216	3.037
West Wildwood Borough	1.427	1.581	Elk Township	3.370	3.245
Wildwood City	2.324	2.299	Franklin Township	3.211	3.051
Wildwood Crest Borough	1.194	1.270	Glassboro Borough	3.465	3.450
Woodbine Borough	1.446	1.673	Greenwich Township	3.073	2.914
			Harrison Township	2.907	2.765
Cumberland			Logan Township	2.466	2.268
Bridgeton City	4.387	4.459	Mantua Township	3.220	3.155
Commercial Township	2.133	2.703	Monroe Township	3.497	3.532
Deerfield Township	3.306	3.150	National Park Borough	4.064	4.293
Downe Township	2.139	2.327	Newfield Borough	3.357	3.594
Fairfield Township	2.375	2.567	Paulsboro Borough	3.644	3.536
Greenwich Township	4.068	3.317	Pitman Borough	4.119	3.875
Hopewell Township	3.735	2.972	S. Harrison Township	2.836	2.743
Lawrence Township	2.448	2.736	Swedesboro Borough	4.001	3.866
Maurice River Township	2.504	2.533	Washington Township	3.398	3.215
Millville City	3.296	2.986	Wenonah Borough	3.987	3.955
Shiloh Borough	2.600	3.031	West Deptford Township	3.063	3.042
Stow Creek Township	2.862	2.941	Westville Borough	4.327	4.096
Upper Deerfield Twp.	2.835	2.861	Woodbury City	4.523	4.287
Vineland City	2.576	2.385	Woodbury Heights Borough	4.187	4.015
			Woolwich Township	3.632	3.417
Essex			Hudson		
Belleville Township	3.834	3.658	Bayonne City	7.935	3.266
Bloomfield Township	3.860	3.654	East Newark Borough	9.229	2.938
Caldwell Borough	2.712	2.427	Guttenberg Town	3.650	3.200
Cedar Grove Township	2.226	2.117	Harrison Town	7.204	2.830
East Orange City	5.103	4.638	Hoboken City	1.551	1.291
Essex Fells Township	2.031	1.998	Jersey City	7.701	2.101
Fairfield Township	2.203	1.875	Kearny Town	10.669	3.108
Glen Ridge Borough	3.504	3.091	North Bergen Township	5.467	2.674
Irvington Township	5.552	4.934	Secaucus Town	3.707	2.146
Livingston Township	2.500	2.335	Union City	6.890	2.970
Maplewood Township	3.685	3.222	Weehawken Township	5.060	2.306
Millburn Township	2.154	1.854	West New York Town	7.300	2.636
Montclair Township	3.634	3.053			
Newark City	3.440	3.056			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Hunterdon			Dunellen Borough	12.487	3.038
Alexandria Township	2.558	2.347	East Brunswick Township	10.431	2.773
Bethlehem Township	2.898	2.726	Edison Township	5.056	2.271
Bloomsbury Borough	2.859	2.717	Helmetta Borough	2.874	2.635
Califon Borough	3.070	3.227	Highland Park Borough	7.898	3.369
Clinton Town	3.155	2.939	Jamesburg Borough	6.026	3.260
Clinton Township	2.534	2.429	Metuchen Borough	5.770	2.506
Delaware Township	2.488	2.149	Middlesex Borough	8.359	2.927
East Amwell Township	2.325	2.117	Milltown Borough	5.310	2.768
Flemington Borough	3.140	2.961	Monroe Township	2.365	2.131
Franklin Township	2.424	2.353	New Brunswick City	5.866	2.311
Frenchtown Borough	3.302	2.831	North Brunswick Township	5.340	2.898
Glen Gardner Borough	3.043	2.740	Old Bridge Township	4.648	2.171
Hampton Borough	3.034	3.081	Perth Amboy City	2.880	3.034
High Bridge Borough	3.809	3.483	Piscataway Township	2.616	2.353
Holland Township	2.588	2.459	Plainsboro Township	2.084	2.389
Kingwood Township	2.181	2.216	Sayreville Borough	4.886	2.444
Lambertville City	1.928	1.905	South Amboy City	2.637	2.780
Lebanon Borough	2.284	2.298	South Brunswick Township	4.857	2.021
Lebanon Township	2.768	2.261	South Plainfield Borough	5.797	2.123
Milford Borough	3.390	3.195	South River Borough	7.452	2.287
Raritan Township	2.406	2.375	Spotswood Borough	3.099	2.936
Readington Township	2.800	2.354	Woodbridge Township	9.929	2.714
Stockton Borough	2.081	2.052			
Tewksbury Township	2.435	2.032	Monmouth		
Union Township	2.601	2.235	Aberdeen Township	2.583	2.508
West Amwell Township	2.258	2.258	Allenhurst Borough	0.832	0.711
			Allentown Borough	3.042	2.773
Mercer			Asbury Park City	2.144	1.933
East Windsor Township	3.161	3.207	Atlantic Highlands Borough	2.621	2.146
Ewing Township	5.332	3.616	Avon-by-the-Sea Borough	1.142	1.052
Hamilton Township	2.704	2.679	Belmar Borough	1.911	1.307
Hightstown Borough	4.086	3.848	Bradley Beach Borough	1.398	1.408
Hopewell Borough	2.737	2.700	Brielle Borough	1.651	1.724
Hopewell Township	2.628	2.565	Colts Neck Township	1.731	1.707
Lawrence Township	2.746	2.484	Deal Borough	0.699	0.667
Pennington Borough	2.655	2.577	Eatontown Borough	2.183	2.375
Princeton	2.264	2.024	Englishtown Borough	2.197	2.262
Robbinsville Township	2.905	2.801	Fair Haven Borough	1.955	1.910
Trenton City	5.753	4.881	Farmingdale Borough	2.047	2.144
West Windsor Township	2.631	2.427	Freehold Borough	2.655	2.757
			Freehold Township	2.286	2.081
			Hazlet Township	2.556	2.513
			Highlands Borough	2.767	2.697
Middlesex			Holmdel Township	2.006	1.962
Carteret Borough	3.167	2.756	Howell Township	2.350	2.240
Cranbury Township	1.933	1.924	Interlaken Borough	1.400	1.462
			Keansburg Borough	3.646	3.288

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Monmouth (continued)			Kinnelon Borough	3.251	2.457
Keyport Borough	2.585	2.574	Lincoln Park Borough	2.590	2.605
Little Silver Borough	1.984	1.917	Madison Borough	1.875	1.681
Loch Arbour Village	2.147	2.122	Mendham Borough	2.117	1.981
Long Branch City	2.021	1.985	Mendham Township	2.065	1.993
Manalapan Township	2.004	1.967	Mine Hill Township	2.525	2.645
Manasquan Borough	1.391	1.374	Montville Township	2.257	2.100
Marlboro Township	2.175	2.109	Morris Township	1.773	1.871
Matawan Borough	2.756	2.731	Morris Plains Borough	2.143	2.025
Middletown Township	2.131	2.128	Morristown Town	2.689	2.137
Millstone Township	2.163	2.238	Mountain Lakes Borough	2.527	2.268
Monmouth Beach Bor.	1.323	1.288	Mount Arlington Borough	2.594	2.374
Neptune Township	2.153	2.065	Mount Olive Township	3.111	3.035
Neptune City Borough	2.490	2.549	Netcong Borough	2.573	3.295
Ocean Township	2.279	2.052	Parsippany-Troy Hills Twp.	2.769	2.330
Oceanport Borough	2.143	1.906	Long Hill Township	2.348	2.127
Red Bank Borough	2.107	2.065	Pequannock Township	2.151	2.011
Roosevelt Borough	2.868	2.953	Randolph Township	3.660	2.478
Rumson Borough	1.433	1.462	Riverdale Borough	1.960	1.808
Sea Bright Borough	1.305	1.403	Rockaway Borough	2.844	2.638
Sea Girt Borough	0.709	0.707	Rockaway Township	3.082	2.867
Shrewsbury Borough	2.110	2.069	Roxbury Township	4.203	2.610
Shrewsbury Township	2.960	3.012	Victory Gardens Borough	2.501	2.445
Lake Como Borough	1.764	1.691	Washington Township	2.423	2.386
Spring Lake Borough	0.683	0.666	Wharton Borough	2.847	2.818
Spring Lake Heights Bor.	1.377	1.384			
Tinton Falls Borough	2.032	1.904	Ocean		
Union Beach Borough	2.789	2.643	Barneгат Township	2.629	2.680
Upper Freehold Township	2.372	2.266	Barneгат Light Borough	0.862	0.840
Wall Township	1.813	1.876	Bay Head Borough	0.825	0.836
West Long Branch Borough	2.172	2.107	Beach Haven Borough	1.326	1.092
			Beachwood Borough	2.332	2.238
Morris			Berkeley Township	2.069	2.049
Boonton Town	2.752	2.695	Brick Township	2.134	2.075
Boonton Township	2.192	2.033	Eagleswood Township	2.366	2.336
Butler Borough	3.424	2.682	Harvey Cedars Borough	0.991	0.958
Chatham Borough	1.934	1.665	Island Heights Borough	1.858	1.831
Chatham Township	1.759	1.589	Jackson Township	2.192	2.183
Chester Borough	2.611	2.648	Lacey Township	2.035	2.005
Chester Township	2.320	2.224	Lakehurst Borough	3.050	2.661
Denville Township	2.386	2.166	Lakewood Township	2.860	2.168
Dover Town	2.402	2.295	Lavallette Borough	0.949	0.860
East Hanover Township	2.171	1.620	Little Egg Harbor Twp.	2.319	2.248
Florham Park Borough	1.433	1.507	Long Beach Township	0.986	0.900
Hanover Park Township	1.731	1.554	Manchester Township	2.534	2.209
Harding Township	1.106	0.986	Mantoloking Borough	0.694	0.670
Jefferson Township	2.689	2.624			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Ocean (continued)-			Upper Pittsgrove Twp.	2.401	2.572
Ocean Township	1.905	1.795	Woodstown Borough	3.289	3.435
Ocean Gate Borough	2.488	2.410			
Pine Beach Borough	2.230	2.041	Somerset		
Plumsted Township	2.315	2.108	Bedminster Township	1.359	1.341
Point Pleasant Borough	1.938	1.888	Bernards Township	1.951	1.906
Pt. Pleasant Beach Borough	1.518	1.430	Bernardsville Borough	1.876	1.865
Seaside Heights Borough	2.212	2.210	Bound Brook Borough	3.386	3.327
Seaside Park Borough	1.312	1.277	Branchburg Township	2.190	2.150
Ship Bottom Borough	1.107	0.999	Bridgewater Township	2.062	1.973
South Toms River Borough	2.794	2.783	Far Hills Borough	1.300	1.305
Stafford Township	2.329	2.181	Franklin Township	2.281	2.294
Surf City Borough	1.003	0.930	Green Brook Township	2.495	2.452
Toms River Twp	2.212	1.915	Hillsborough Township	2.372	2.293
Tuckerton Borough	2.305	2.390	Manville Borough	3.098	3.020
			Millstone Borough	2.704	2.684
Passaic			Montgomery Township	2.925	2.434
Bloomington Borough	4.155	3.773	North Plainfield Borough	3.589	3.655
Clifton City	5.260	2.976	Peapack & Gladstone Bor.	1.919	1.884
Haledon Borough	4.360	4.288	Raritan Borough	2.340	2.220
Hawthorne Borough	5.671	2.995	Rocky Hill Borough	2.122	2.068
Little Falls Township	3.121	2.821	Somerville Borough	3.379	3.224
North Haledon Borough	2.807	2.558	South Bound Brook Bor.	3.296	3.326
Passaic City	3.368	3.095	Warren Township	2.009	1.984
Paterson City	4.339	3.883	Watchung Borough	2.091	2.094
Pompton Lakes Borough	6.878	3.798			
Prospect Park Borough	4.987	4.794	Sussex		
Ringwood Borough	3.617	3.239	Andover Borough	2.883	2.817
Totowa Borough	2.349	2.421	Andover Township	3.403	3.309
Wanaque Borough	3.648	3.283	Branchville Borough	2.098	2.137
Wayne Township	5.339	2.911	Byram Township	3.425	3.270
West Milford Township	3.709	3.346	Frankford Township	2.576	2.284
West Patterson Borough	3.030	2.876	Franklin Borough	3.561	3.388
			Fredon Township	2.874	2.934
Salem			Green Township	3.469	3.199
Alloway Township	2.816	2.754	Hamburg Borough	3.860	3.483
Carneys Point Township	2.829	3.243	Hampton Township	2.760	2.651
Elmer Borough	2.989	2.923	Hardyston Township	2.668	2.560
Elsinboro Township	2.565	2.888	Hopatcong Borough	3.318	2.835
Lower Alloways Crk. Twp.	1.549	1.086	Lafayette Township	2.743	2.589
Mannington Township	2.729	2.736	Montague Township	2.596	2.637
Oldmans Township	2.427	2.513	Newton Town	4.170	4.032
Penns Grove Borough	3.895	4.649	Ogdensburg Borough	3.474	3.583
Pennsville Township	3.647	3.630	Sandyston Township	2.553	2.344
Pilesgrove Township	2.810	3.066	Sparta Township	3.127	3.058
Pittsgrove Township	3.181	3.031	Stanhope Borough	4.013	3.627
Quinton Township	2.780	2.678	Stillwater Township	2.954	2.732
Salem City	3.916	5.673	Sussex Borough	3.176	3.145

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Vernon Township	2.617	2.916	WestfieldTown	9.029	2.220
Walpack Township	2.365	2.115	WinfieldTownship	225.652	18.906
Wantage Township	2.674	2.706	Warren		
Union			Allamuchy Township	2.914	2.657
Berkeley Heights Twp.	3.969	2.161	Alpha Borough	3.103	3.110
Clark Township	8.106	2.388	Belvidere Town	5.562	3.908
Cranford Township	5.957	2.435	Blairstown Township	2.316	2.292
Elizabeth City	27.749	3.679	Franklin Township	2.895	3.114
Fanwood Borough	13.814	2.756	Frelinghuysen Township	2.357	2.476
Garwood Borough	9.416	2.754	Greenwich Township	3.176	2.766
Hillside Township	7.557	4.056	Hackettstown Town	2.916	3.008
Kenilworth Borough	4.795	2.798	Hardwick Township	3.094	2.641
Linden City	6.526	3.326	Harmony Township	2.479	2.206
Mountainside Borough	7.303	1.979	Hope Township	2.529	2.824
New Providence Borough	4.699	2.439	Independence Township	3.215	2.860
Plainfield City	7.823	3.476	Knowlton Township	3.341	2.838
Rahway City	6.389	3.681	Liberty Township	3.019	2.955
Roselle Borough	8.078	4.661	Lopatcong Township	2.883	2.958
Roselle Park Borough	3.811	3.739	Mansfield Township	3.219	3.041
Scotch Plains Township	10.493	2.591	Oxford Township	3.950	3.553
Springfield Township	6.771	3.109	Phillipsburg Town	3.902	3.569
Summit City	4.301	1.854	Pohatcong Township	3.697	3.677
Union Township	18.644	3.188	Washington Boro	4.799	4.003
			Washington Twp	3.510	3.297
			White Twp	2.181	2.148

Abstract of Ratables and Exemptions 2016

	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	\$15,516,298,854	\$18,898,514,359	\$34,414,813,213	\$6,528,700	\$34,408,284,513
Bergen	77,002,654,839	77,328,202,717	154,330,857,556	39,265,100	154,291,592,456
Burlington	13,688,345,503	29,556,778,560	43,245,124,063	75,761,325	43,169,362,738
Camden	11,530,075,249	24,818,669,984	36,348,745,233	70,278,400	36,278,466,833
Cape May	30,653,485,500	16,588,286,300	47,241,771,800	1,113,200	47,240,658,600
Cumberland	2,144,868,900	6,282,551,000	8,427,419,900	16,475,000	8,410,944,900
Essex	31,841,042,523	43,345,247,432	75,186,289,955	76,630,500	75,109,659,455
Gloucester	6,852,853,900	18,039,050,234	24,891,904,134	14,402,070	24,877,502,064
Hudson	11,584,280,860	19,123,062,915	30,707,343,775	85,325,080	30,622,018,695
Hunterdon	7,498,144,532	12,045,740,355	19,543,884,887	5,338,800	19,538,546,087
Mercer	15,309,211,327	24,825,156,725	40,134,368,052	42,120,750	40,092,247,302
Middlesex	21,226,594,280	35,402,401,557	56,628,995,837	81,794,792	56,547,201,045
Monmouth	54,055,641,760	58,368,783,570	112,424,425,330	26,301,300	112,398,124,030
Morris	37,325,245,237	44,821,280,175	82,146,525,412	12,645,500	82,133,879,912
Ocean	44,949,935,251	42,413,067,512	87,363,002,763	1,235,200	87,361,767,563
Passaic	14,050,633,531	20,572,495,987	34,623,129,518	5,839,900	34,617,289,618
Salem	1,569,000,631	3,618,391,096	5,187,391,727	0	5,187,391,727
Somerset	22,411,230,234	33,903,967,777	56,315,198,011	5,644,900	56,309,553,111
Sussex	6,583,655,600	9,818,561,336	16,402,216,936	0	16,402,216,936
Union	9,972,431,510	14,349,836,360	24,322,267,870	5,140,600	24,317,127,270
Warren	3,261,757,028	6,962,179,493	10,223,936,521	10,718,500	10,213,218,021
TOTALS	\$439,027,387,049	\$561,082,225,444	\$1,000,109,612,493	\$582,559,617	\$999,527,052,876

Abstract of Ratables and Exemptions 2016 (continued)

	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	
	Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies	Net Valuation Taxable (Col. 4 + 5)	General Tax Rate to Apply per \$100 Valuation	County Equalization Table—Average Ratio of Assessed to True Value of Real Property (<u>R.S. 54:3-17 to</u> <u>R.S. 54:3-19</u>)	TRUE VALUE	EQUALIZATION	
COUNTY					(a) U.E.Z. Abatement Expired	(b) Class II Railroad Property (C.139, L. 1966)	(a) Amounts Deducted Under <u>R.S. 54:3-17 to</u> <u>R.S. 54:3-19</u>
Atlantic	\$ 35,291,152	\$ 34,443,575,665					\$ 315,201,274
Bergen	90,073,801	154,381,666,257					380,079,689
Burlington	56,339,994	43,225,702,732					388,418,018
Camden	93,233,443	36,371,700,276					435,067,270
Cape May	25,419,401	47,266,078,001					821,950,678
Cumberland	24,316,732	8,435,261,632					149,247,573
Essex	167,151,822	75,276,811,277					0
Gloucester	114,667,901	24,992,169,965					142,032,509
Hudson	45,384,383	30,667,403,078					0
Hunterdon	8,748,173	19,547,294,260					20,798,739
Mercer	97,393,220	40,189,640,522			\$1,581,394		39,831,255
Middlesex	92,160,036	56,639,361,081					804,621,893
Monmouth	80,359,801	112,478,483,831					710,695,845
Morris	34,501,222	82,168,381,134					542,660,927
Ocean	65,003,446	87,426,771,009					79,944,418
Passaic	43,757,319	34,661,046,937					68,438,773
Salem	10,113,186	5,197,504,913					280,468,465
Somerset	79,510,734	56,389,063,845					90,829,311
Sussex	19,865,747	16,422,082,683					306,382,519
Union	33,927,457	24,351,054,727					0
Warren	15,343,800	10,228,561,821					124,241,953
TOTALS	\$1,232,562,770	\$1,000,759,615,646			\$1,581,394		\$5,700,911,109

Abstract of Ratables and Exemptions 2016 (continued)

	Col. 10	Col. 11	Col. 12—APPORTIONMENT OF TAXES				
			Section A County Taxes				
	EQUALIZATION (b)	Net Valuation on Which County Taxes Are Apportioned (Col. 6 – 9(a) + 9(b) – 10(a) + 10(b))	I Total County Taxes Apportioned (Including Total Net Adjustments)	II ADJUSTMENTS RESULTING FROM			
COUNTY	Amounts Added Under <u>R.S. 54:3-17 to R.S. 54:3-19 and N.J.S.A. 54:11D-7</u>			County Equalization Table Appeals (<u>R.S. 54:51A-4</u>)		Appeals and Corrected Errors (<u>R.S. 54:4-49; R.S. 54:4-53</u>)	
				(a) Deduct Overpayment	(b) Add Underpayment	(c) Deduct Overpayment	(d) Add Underpayment
Atlantic	\$ 2,527,887,365	\$ 36,656,261,756	\$ 168,420,031.82			\$ 10,685,749.97	
Bergen	13,962,207,680	167,963,794,248	408,953,933.28			3,935,099.82	25,572.54
Burlington	3,700,580,176	46,537,864,890	156,356,154.37			876,817.25	20,662.88
Camden	1,359,384,012	37,296,017,018	304,302,712.00			1,663,058.00	
Cape May	1,225,452,225	47,669,579,548	103,892,955.85			194,482.03	
Cumberland	546,898,265	8,832,912,324	93,530,124.33			815,124.33	
Essex	8,514,521,632	83,791,332,909	424,791,976.76			3,690,968.50	
Gloucester	827,460,799	25,677,598,255	161,960,763.66			960,763.66	
Hudson	34,724,898,524	65,392,301,602	343,731,797.11			6,388,044.00	
Hunterdon	1,667,373,950	21,193,869,471	65,487,831.66			98,893.10	
Mercer	3,382,346,404	43,530,574,277	256,668,395.20		138,321.52	824,556.72	
Middlesex	46,820,826,899	102,655,566,087	371,476,908.70			2,513,908.70	
Monmouth	4,077,587,065	115,845,375,051	302,459,951.75			376,959.32	392,007.57
Morris	10,115,936,761	91,741,656,968	226,293,949.29			909,350.68	
Ocean	7,383,106,455	94,729,933,046	335,250,299.14			1,457,925.38	2,450.24
Passaic	12,004,666,039	46,597,274,203	345,172,965.78			3,986,743.30	
Salem	140,789,266	5,057,825,714	53,894,572.93			960,912.45	
Somerset	1,849,235,515	58,147,470,049	186,130,127.03			304,488.65	14,013.62
Sussex	739,487,986	16,855,188,150	85,116,944.23			268,246.10	1,518.87
Union	41,758,687,248	66,109,741,975	347,632,305.19			2,357,538.84	
Warren	653,526,839	10,757,846,707	72,255,198.78			485,883.12	19,041.34
TOTALS	\$197,982,861,105	\$1,193,039,984,248	\$4,813,779,898.86			\$43,755,513.92	\$475,267.06

Abstract of Ratables and Exemptions 2016 (continued)

Col. 12—APPORTIONMENT OF TAXES						
COUNTY	Section A County Taxes			Section B		
	III Net County Taxes Apportioned	IV Municipal Budget State Aid (<u>R.S. 52:27D-118.40</u>)	V Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII-IV- Addendum 1(a))	(a) County Library Taxes	(b) County Health Service Taxes	(c) County Open Space Taxes
Atlantic	\$ 157,734,280.80		\$ 157,734,280.80	7,358,789.00	\$ 6,092,489.00	\$ 472,633.81
Bergen	405,044,406.00		405,044,406.00	0		4,199,094.86
Burlington	155,500,000.00		155,500,000.00	10,480,000.00		18,538,246.08
Camden	302,639,654.00		302,639,654.00	9,669,478.00		7,459,203.40
Cape May	103,698,473.82		103,698,473.82	8,094,398.37		4,766,957.95
Cumberland	92,715,000.00		92,715,000.00	0.00	2,369,580.00	883,291.23
Essex	421,101,008.26	904,096.00	420,196,912.26	0.00	0.00	12,568,702.80
Gloucester	161,000,000.00		161,000,000.00	4,940,610.00		10,436,626.00
Hudson	337,343,753.11		337,343,753.11	0.00		6,539,230.16
Hunterdon	65,388,938.56		65,388,938.56	6,131,049.00		6,366,411.00
Mercer	255,982,160.00		255,982,160.00	13,506,813.00		10,854,081.43
Middlesex	368,963,000.00		368,963,000.00	0.00		30,578,960.00
Monmouth	302,475,000.00		302,475,000.00	14,630,000.00	2,295,000.00	17,376,806.26
Morris	225,384,598.61		225,384,598.61	0.00		8,027,394.98
Ocean	333,794,824.00		333,794,824.00	35,158,260.00	10,787,500.00	11,343,866.00
Passaic	341,186,222.48		341,186,222.48	0.00		4,659,727.42
Salem	52,933,660.48		52,933,660.48	0.00		1,011,565.14
Somerset	185,839,652.00		185,839,652.00	16,716,759.00		17,444,241.01
Sussex	84,850,217.00	200.00	84,850,017.00	4,380,316.00	2,298,736.00	395,000.00
Union	345,274,766.35		345,274,766.35	0.00		9,916,461.30
Warren	71,788,357.00		71,788,357.00	4,292,636.00		4,303,138.68
TOTALS	\$4,770,637,972.47	\$904,296.00	\$4,769,733,676.47	\$135,359,108.37	\$23,843,305.00	\$188,141,639.51

Abstract of Ratables and Exemptions 2016 (continued)

Col. 12—APPORTIONMENT OF TAXES

Section C Local Taxes to be Raised for

COUNTY	I DISTRICT SCHOOL PURPOSES			II LOCAL MUNICIPAL PURPOSES	
	(a) District School Budget (Adjusted by Addendum 1(b))	(b) Regional Consolidated and Joint School Budgets	(c) Local School Budget	(a) Local Municipal Budget (Adjusted by Addendum 1(c))	(b) Local Municipal Open Space
	Atlantic	\$362,391,541.00	\$ 68,180,522.00	\$ 4,409,798.50	\$ 333,895,318.46
Bergen	1,892,278,196.00	264,581,799.00	0.00	1,126,289,948.52	4,328,641.85
Burlington	596,268,438.00	188,007,802.00	0.00	248,440,795.47	10,143,168.40
Camden	591,781,899.00	65,763,436.00	0.00	309,468,487.77	2,876,569.17
Cape May	138,889,324.00	20,852,827.00	0.00	195,596,733.76	0.00
Cumberland	63,387,122.00	8,792,474.00	0.00	70,804,917.68	0.00
Essex	891,744,172.00	192,751,584.00	14,925,225.20	878,294,234.74	6,100,886.00
Gloucester	382,199,276.00	69,683,238.00	0.00	190,631,312.11	2,758,055.18
Hudson	423,596,653.00	0.00	16,201,190.39	656,369,564.38	2,244,698.00
Hunterdon	213,089,505.00	132,725,083.00	0.00	73,813,233.35	4,520,080.22
Mercer	369,734,856.00	228,414,025.00	1,686,795.00	293,327,414.26	6,214,153.42
Middlesex	1,424,235,928.00	905,231.55	0.00	637,212,508.85	5,471,932.08
Monmouth	962,178,615.00	356,648,527.00	0.00	541,781,747.96	12,331,296.63
Morris	945,149,675.00	291,715,548.00	0.00	461,696,949.98	10,931,710.63
Ocean	572,089,382.00	246,816,370.00	5,874,781.00	487,918,478.88	6,683,743.19
Passaic	561,636,193.00	53,805,110.00	0.00	490,067,070.49	1,932,482.00
Salem	52,391,671.00	24,006,906.00	0.00	26,768,546.57	363,401.50
Somerset	521,614,823.00	282,968,806.00	0.00	225,746,707.29	14,298,242.67
Sussex	207,645,186.00	87,986,371.00	0.00	108,097,973.87	803,874.95
Union	781,889,311.00	85,223,189.00	4,244,133.00	628,801,792.85	500,532.83
Warren	127,430,790.00	48,773,643.00	0.00	58,170,755.33	2,021,559.94
TOTALS	\$12,081,622,556.00	\$2,718,602,491.55	\$47,341,923.09	\$8,043,194,492.57	\$95,375,415.66

Abstract of Ratables and Exemptions 2016 (continued)

	Col. 12		Col. 13		
	Section C	Section D	REAL PROPERTY EXEMPT FROM TAXATION		
	Local Taxes to be Raised for	Total Tax Levy	(a)	(b)	(c)
	II	on Which	Public School	Other School	Public Property
	LOCAL MUNICIPAL PURPOSES	Tax Rate is	Property	Property	
	(c)	Computed			
	Local Municipal	(Cols. AV + B(a), (b), (c)			
	Library	+ CI(a), (b), (c)			
		+ CII(a), (b), (c)			
COUNTY					
Atlantic	\$4,982,296.03	\$ 946,353,626.21	\$ 1,265,972,567	\$ 78,131,200	\$ 3,332,502,980
Bergen	50,192,336.03	3,746,914,422.26	3,148,349,100	797,936,600	9,861,991,000
Burlington	4,264,838.76	1,231,643,288.71	1,483,752,010	85,825,600	2,990,111,504
Camden	6,011,686.14	1,295,670,413.48	2,048,015,480	114,368,700	2,227,360,093
Cape May	6,506,226.00	478,404,940.90	367,398,500	32,178,900	1,734,783,600
Cumberland	1,548,271.38	240,500,656.29	434,313,000	37,445,200	1,196,314,000
Essex	26,841,433.76	2,443,423,150.76	2,983,093,744	1,998,051,546	8,763,932,045
Gloucester	5,144,293.19	826,793,410.48	1,109,157,200	264,173,100	889,184,100
Hudson	21,015,131.96	1,463,310,221.00	892,511,200	610,199,900	2,985,444,680
Hunterdon	443,749.71	502,478,049.84	397,864,468	3,099,000	986,735,257
Mercer	6,409,953.61	1,186,130,251.72	1,064,016,776	2,524,666,354	3,113,809,309
Middlesex	33,874,690.65	2,501,242,251.13	1,847,352,722	1,598,728,700	2,268,904,740
Monmouth	11,316,239.09	2,221,033,231.94	2,092,522,500	441,022,500	5,630,408,600
Morris	25,564,032.06	1,968,469,909.26	1,470,157,800	681,966,800	3,451,099,750
Ocean	675,320.32	1,711,142,525.39	1,425,673,000	513,614,300	5,161,200,850
Passaic	14,830,912.88	1,468,117,718.27	1,260,092,600	293,925,300	2,800,900,000
Salem	49,832.02	157,525,582.71	203,848,200	13,538,900	279,853,800
Somerset	7,535,419.03	1,272,164,650.00	919,003,563	163,751,591	1,696,288,385
Sussex	1,035,719.00	497,493,193.82	408,376,200	43,549,900	956,938,276
Union	21,790,061.74	1,877,640,248.07	748,872,300	184,008,300	1,499,978,200
Warren	869,475.13	317,650,355.08	259,143,293	99,489,789	522,393,704
TOTALS	\$250,901,918.49	\$28,354,102,097.32	\$25,829,486,223	\$10,579,672,180	\$62,350,134,873

Abstract of Ratables and Exemptions 2016 (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	\$ 569,726,895	\$ 29,883,000	\$ 3,108,152,056	\$8,384,368,698	\$ 24,501,894.00
Bergen	1,782,736,700	747,888,300	3,174,332,000	19,513,233,700	108,083,235.78
Burlington	977,916,380	29,083,005	882,920,547	6,449,609,046	44,624,669.00
Camden	1,587,707,490	90,540,950	1,469,105,250	7,537,097,963	47,518,114.37
Cape May	487,859,300	5,202,700	517,230,100	3,144,653,100	27,980,685.41
Cumberland	282,592,700	7,280,900	419,486,300	2,377,432,100	16,318,864.25
Essex	2,965,588,250	200,584,700	2,974,810,887	19,886,061,172	39,212,639.62
Gloucester	533,437,500	20,085,600	711,666,800	3,527,704,300	27,579,742.03
Hudson	626,124,590	67,642,500	6,002,596,924	11,184,519,794	54,195,921.00
Hunterdon	248,088,814	13,012,200	201,263,983	1,850,063,722	11,448,652.00
Mercer	709,499,651	41,158,500	1,065,613,120	8,518,763,710	36,077,146.81
Middlesex	1,160,976,591	128,917,900	2,132,327,008	9,137,207,661	68,922,600.35
Monmouth	1,342,252,200	171,395,200	2,484,578,000	12,162,179,000	85,404,860.00
Morris	991,384,100	74,928,900	649,759,600	7,319,296,950	152,566,118.27
Ocean	901,906,357	38,338,200	962,717,118	9,003,449,825	75,188,895.69
Passaic	973,722,100	133,748,800	537,574,950	5,999,963,750	24,981,309.00
Salem	126,456,196	3,933,700	276,747,445	904,378,241	6,499,753.42
Somerset	545,270,985	37,126,400	829,944,109	4,191,385,033	46,768,472.97
Sussex	261,046,807	8,385,900	252,157,700	1,930,454,783	15,514,837.00
Union	613,428,700	114,990,900	1,037,597,150	4,198,875,550	87,194,939.22
Warren	209,373,777	8,080,500	137,269,926	1,235,750,989	12,903,005.00
TOTALS	\$17,897,096,083	\$1,972,208,755	\$29,827,850,973	\$148,456,449,087	\$1,013,486,355.13

Abstract of Ratables and Exemptions 2016 (continued)

	Col. 14			Col. 15	
	AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET			DEDUCTIONS ALLOWED	
	(b) Miscellaneous Revenues Anticipated	(c) Receipts from Delinquent Tax and Liens	(d) Total of Miscellaneous Revenues (Cols. a + b + c)	(a) Full Estimated Amount of Senior Citizen, Totally Disabled and Surviving Spouse Deductions Allowed	(b) Veterans Deductions
COUNTY					
Atlantic	\$ 180,155,057.85	\$ 6,029,904.00	\$ 210,686,855.85	\$ 467,596	\$ 1,726,750
Bergen	263,355,149.86	28,554,801.54	399,993,187.18	955,500	4,638,125
Burlington	110,882,596.18	15,445,429.20	170,952,694.38	740,375	3,695,500
Camden	259,382,777.90	14,673,900.08	321,574,792.35	1,335,250	2,969,750
Cape May	76,921,122.30	4,362,000.00	109,263,807.71	231,325	1,041,400
Cumberland	48,985,297.64	5,736,800.00	71,040,961.89	538,000	856,000
Essex	635,783,945.28	36,748,529.71	711,745,114.61	468,750	1,903,750
Gloucester	75,949,189.50	12,114,700.00	115,643,631.53	649,000	2,248,625
Hudson	577,551,525.64	8,745,494.94	640,492,941.58	527,500	944,000
Hunterdon	33,877,001.91	6,078,705.02	51,404,358.93	108,250	798,250
Mercer	233,566,125.53	6,385,078.26	276,028,350.60	450,875	1,792,500
Middlesex	311,049,831.56	11,950,443.51	391,922,875.42	1,115,250	4,079,000
Monmouth	210,937,569.00	24,361,348.00	320,703,777.00	626,500	3,672,750
Morris	16,230,201.00	243,247,739.27	412,044,058.54	459,500	2,721,000
Ocean	160,351,737.87	22,489,040.78	258,029,674.34	2,142,750	6,803,750
Passaic	201,119,666.33	18,204,032.00	244,305,007.33	575,250	1,936,910
Salem	31,976,557.75	4,404,622.01	42,880,933.18	176,250	592,750
Somerset	86,665,329.82	10,114,701.00	143,548,503.79	289,562	1,507,250
Sussex	27,916,910.82	8,755,181.45	52,186,929.27	211,250	1,084,000
Union	209,910,814.25	24,128,147.49	321,233,900.96	711,000	2,202,000
Warren	28,074,073.23	6,859,902.00	47,836,980.23	191,500	788,250
TOTALS	\$3,780,642,481.16	\$519,390,500.00	\$5,313,519,336.29	\$12,971,233.08	\$48,002,310.00

Abstract of Ratables and Exemptions 2016 (continued)

	Col. 16	Addendum 1			Addendum 2		
	Total Ratables Determined Pursuant to <u>R.S. 54:1-35</u> After Equalization Under <u>R.S. 54:1-33</u> and <u>R.S. 54:1-34</u>	STATE AID ADJUSTMENT FOR BUSINESS PERSONAL PROPERTY TAX			REGIONAL EFFICIENCY AID PROGRAM (R.E.A.P.) DISTRIBUTION SUMMARY		
COUNTY		(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	\$ 36,600,949,508	0	\$ 108,060	0			
Bergen	167,307,579,443	0	174,258	0			
Burlington	46,365,461,070	0	95,481	0			
Camden	37,040,444,802	0	344,817	0			
Cape May	47,570,365,657	0	7,370	0			
Cumberland	8,720,496,323	0	22,634	0			
Essex	82,868,824,862	0	3,884,707	0			
Gloucester	25,556,989,505	0	104,059	0			
Hudson	64,512,792,162	0	0	0	\$1,050,108,429	\$2,404,841	
Hunterdon	21,126,934,605	0	0	0			
Mercer	43,342,185,909	0	41,558	0			
Middlesex	102,329,008,788	0	0	0			
Monmouth	115,597,445,135	0	0	0			
Morris	91,375,559,843	0	489,408	0			
Ocean	94,612,370,938	0	6,323	0			
Passaic	46,441,411,277	0	36,262	0			
Salem	4,960,859,251	0	80,813	0			
Somerset	58,589,021,448	0	0	0			
Sussex	16,892,838,626	0	0	0			
Union	65,743,786,409	0	0	0			
Warren	10,704,216,663	0	0	0			
TOTALS	\$1,188,259,542,225	0	\$5,395,750	0	\$1,050,108,429	\$2,404,841	

2016 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	-	\$ 2,249,800	-	-	-	-	\$46,000	-	-
Bergen	-	3,667,200	-	-	-	-	-	-	-
Burlington	-	21,207,300	\$ 2,500	-	-	\$200,600	-	-	-
Camden	-	1,368,400	-	-	\$822,600	4,359,000	-	-	-
Cape May	-	-	-	-	-	-	-	-	-
Cumberland	\$ 2,497,300	530,000	-	-	-	2,457,900	-	-	-
Essex	248,000	2,217,200	-	-	\$5,394,300	39,401,600	-	-	-
Gloucester	2,311,700	8,312,440	-	-	-	-	-	-	-
Hudson	-	3,325,300	-	\$2,500,000	-	-	121,800	\$872,100	-
Hunterdon	-	291,800	-	-	-	-	-	-	-
Mercer	-	24,252,350	-	-	-	14,929,900	-	-	-
Middlesex	9,785,100	51,806,000	-	2,428,217	3,488,600	-	-	-	-
Monmouth	-	2,225,900	-	2,102,400	-	-	-	-	-
Morris	198,400	12,295,800	-	151,300	-	-	-	-	-
Ocean	48,600	1,066,000	-	-	49,500	-	-	-	-
Passaic	-	1,052,100	-	-	-	-	-	-	-
Salem	-	-	-	-	-	-	-	-	-
Somerset	501,600	2,226,100	-	-	-	-	-	-	-
Sussex	-	-	-	-	-	-	-	-	-
Union	-	130,500	-	-	-	4,696,100	-	-	-
Warren	10,605,000	15,200	-	-	-	-	-	-	-
TOTALS	\$26,195,700	\$138,239,390	\$2,500	\$7,181,917	\$9,755,000	\$ 66,045,100	\$167,800	\$872,100	-

2016 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	0	\$ 158,200	0	\$ 3,425,300	0	0	\$ 649,400	\$ 6,528,700
Bergen	0	34,514,900	0	0	0	0	1,083,000	39,265,100
Burlington	1,773,871	487,155	0	0	\$33,189,700	0	0	56,861,126
Camden	5,860,900	29,183,000	0	0	0	0	28,684,500	70,278,400
Cape May	0	1,113,200	0	0	0	0	0	1,113,200
Cumberland	7,500	1,321,300	0	0	0	0	9,661,000	16,475,000
Essex	2,087,800	5,527,600	294,900	1,265,500	\$19,538,300	0	655,300	76,630,500
Gloucester		2,201,730	0	0	0	0	1,576,200	14,402,070
Hudson	7,797,800	6,811,280	20,945,300	908,100	133,400	\$16,363,900	25,546,100	85,325,080
Hunterdon	222,800	0	0	0	0	0	4,824,200	5,338,800
Mercer	0	342,600	0	0	2,494,500	0	101,400	42,120,750
Middlesex	453,175	2,601,400	0	0	0	0	11,232,300	81,794,792
Monmouth	1,479,400	5,511,500	10,985,400	821,400	0	0	3,175,300	26,301,300
Morris	0	0	0	0	0	0	0	12,645,500
Ocean	0	46,100	0	0	0	0	25,000	1,235,200
Passaic	4,787,800	0	0	0	0	0	0	5,839,900
Salem	0	0	0	0	0	0	0	0
Somerset	1,804,800	393,800	0	0	0	0	718,600	5,644,900
Sussex	0	0	0	0	0	0	0	0
Union	0	0	0	0	0	0	0	4,826,600
Warren	0	0	0	0	0	0	98,300	10,718,500
TOTALS	\$26,275,846	\$90,213,765	\$32,225,600	\$6,420,300	\$55,355,900	\$16,363,900	\$88,030,600	\$563,345,418

Summary of 2016 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	343	615	4,849	0	757	320	274	4	0	0
Bergen	741	250	1,517	15	167	865	238	5	1	0
Burlington	101	73	1,110	0	101	54	111	13	1	3
Camden	122	86	916	0	111	34	261	78	1	1
Cape May	75	27	395	0	56	11	40	2	0	0
Cumberland	16	13	390	1	13	5	36	27	1	0
Essex	56	201	848	0	206	2,122	352	35	1	0
Gloucester	110	59	494	0	71	20	86	1	1	2
Hudson	466	65	1,492	0	145	601	1,286	0	0	0
Hunterdon	24	14	132	0	9	19	29	0	0	2
Mercer	65	30	535	0	105	59	129	0	0	0
Middlesex	142	230	577	0	131	516	302	0	1	0
Monmouth	1,408	839	1,892	1	409	133	329	0	0	0
Morris	107	205	426	0	112	134	192	0	1	1
Ocean	216	232	1,480	0	266	386	254	22	4	0
Passaic	1,013	1,060	600	0	342	1,111	219	2	0	0
Salem	23	20	473	0	55	3	24	0	0	1
Somerset	125	29	225	0	32	58	84	3	0	0
Sussex	175	193	685	0	75	71	198	0	0	1
Union	89	345	1,068	2	311	1,234	522	0	0	0
Warren	11	96	179	0	42	65	130	0	0	0
TOTALS	5,428	4,682	20,283	19	3,516	7,821	5,096	192	12	11

Summary of 2016 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			
COUNTY	DISPOSITIONS					Total Number of Appeals	CLASSIFICATION			
	Farmland Assessment Denied	Classification	R.E.A.P. Credit	Disaster Relief	Other		Class 1 Vacant Land	Class 2 Residential	Class 3A Farm Regular	Class 3B Farm Qualified
Atlantic	0	0	0	0	2,007	9,169	587	7,866	3	2
Bergen	0	2	0	0	16	3,817	95	2,792	0	5
Burlington	4	4	0	0	1	1,576	42	1,363	4	5
Camden	6	4	0	0	0	1,620	31	1,438	2	0
Cape May	0	14	0	0	0	620	46	504	1	0
Cumberland	0	3	0	0	1	506	22	396	2	0
Essex	2	0	0	0	7	3,830	186	2,035	0	0
Gloucester	0	2	0	0	0	846	55	673	10	4
Hudson	0	5	0	0	3	4,063	146	2,991	0	0
Hunterdon	2	1	0	0	0	232	26	160	15	0
Mercer	0	0	0	0	0	923	73	700	3	0
Middlesex	0	0	0	0	0	1,899	75	1,443	1	1
Monmouth	0	5	0	0	1	5,017	222	4,345	34	7
Morris	0	0	0	0	0	1,178	58	916	7	0
Ocean	3	18	0	20	0	2,901	432	2,325	5	8
Passaic	0	0	0	0	59	4,406	133	2,959	0	0
Salem	2	1	0	0	0	602	35	532	7	0
Somerset	0	1	0	0	0	557	54	416	7	1
Sussex	1	8	0	0	1	1,408	153	1,142	10	8
Union	0	22	0	0	0	3,593	163	2,457	0	0
Warren	0	0	0	0	0	523	174	293	5	0
TOTALS	20	90	0	20	2,096	49,286	2,808	37,746	116	41

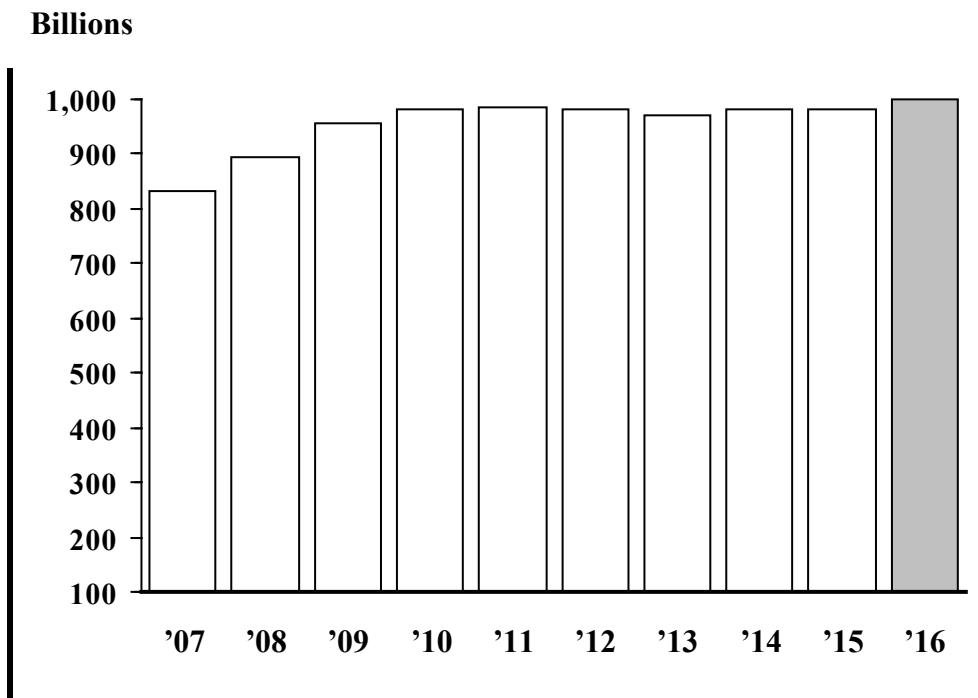
Summary of 2016 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 3			Col. 4					
COUNTY	CLASSIFICATION		Total Number of Appeals by Class	FILING FEE				
	Class 4 Commercial Industrial Apartment	Other		\$5	\$25	\$100	\$150	Class \$25
Atlantic	667	44	9,169	3,576	4,599	625	181	1
Bergen	895	30	3,817	110	1,540	1,183	543	2
Burlington	137	25	1,576	386	883	153	38	2
Camden	137	12	1,620	573	851	63	11	17
Cape May	68	1	620	132	268	124	56	
Cumberland	77	9	506	233	204	13	11	0
Essex	1,599	10	3,830	933	1,707	900	202	0
Gloucester	93	11	846	167	563	37	21	5
Hudson	784	142	4,063	2,292	1,352	153	61	0
Hunterdon	19	12	232	16	112	60	11	7
Mercer	124	23	923	357	353	103	31	2
Middlesex	353	26	1,899	578	822	268	27	1
Monmouth	400	9	5,017	230	2,003	1,459	455	0
Morris	184	13	1,178	47	449	420	117	1
Ocean	123	8	2,901	642	1,573	474	127	19
Passaic	1,309	5	4,406	638	3,077	548	92	0
Salem	26	2	602	326	255	10	1	0
Somerset	72	7	557	22	319	103	31	0
Sussex	94	1	1,408	397	801	134	25	7
Union	958	15	3,593	1,864	1,134	148	22	0
Warren	47	4	523	229	253	30	2	0
TOTALS	8,166	409	49,286	13,748	23,118	7,008	2,065	64

Summary of 2016 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	4	183	9,169	2,909,436,240	(366,023,440)	13,184,500	2,556,597,300	
Bergen	5	434	3,817	3,975,386,806	(318,738,707)	367,800	3,657,015,899	
Burlington	1	113	1,576	837,747,185	(55,756,850)	1,239,700	783,230,035	
Camden	0	105	1,620	351,088,200	(32,770,850)	722,300	319,039,650	
Cape May	0	40	620	306,630,900	(39,968,000)	36,800	266,699,700	
Cumberland	0	45	506	126,145,700	(23,534,200)	0	102,611,500	
Essex	0	88	3,830	1,927,481,538	(128,511,063)	1,609,630	1,800,580,105	
Gloucester	1	52	846	325,184,600	(39,240,700)	543,400	286,487,300	
Hudson	11	194	4,063	1,318,137,026	(101,938,655)	7,394,500	1,223,592,871	
Hunterdon	0	26	232	97,192,600	(10,734,800)	0	86,457,800	
Mercer	0	77	923	359,655,100	(33,321,700)	374,300	326,707,700	
Middlesex	0	203	1,899	1,017,057,358	(25,604,884)	527,500	991,979,974	
Monmouth	12	858	5,017	3,319,343,399	(223,207,970)	16,607,500	3,112,742,929	
Morris	0	144	1,178	1,109,431,384	(58,512,700)	29,977,700	1,080,896,384	
Ocean	0	66	2,901	1,158,822,690	(110,356,705)	2,948,600	1,051,414,585	
Passaic	0	51	4,406	1,531,413,350	(84,550,000)	119,300	1,446,982,650	
Salem	0	10	602	110,801,102	(20,986,265)	0	89,814,837	
Somerset	0	82	557	277,879,172	(20,947,474)	1,026,300	257,957,998	
Sussex	0	44	1,408	503,395,400	(28,705,500)	206,400	474,896,300	
Union	8	417	3,593	690,873,950	(37,531,600)	1,039,800	654,382,150	
Warren	0	9	523	120,468,937	(8,942,051)	0	111,526,886	
TOTALS	42	3,241	49,286	\$22,373,572,637	(\$1,769,884,114)	\$77,926,030	\$20,681,614,553	

Total Taxable Value Land and Improvements in New Jersey 2007 – 2016



2016 County Values

Atlantic	\$ 34,414,813,213	Middlesex	\$ 56,628,995,837
Bergen	154,330,857,556	Monmouth	112,424,425,330
Burlington	43,245,124,063	Morris	82,146,525,412
Camden	36,348,745,233	Ocean	87,363,002,763
Cape May	47,241,771,800	Passaic	34,623,129,518
Cumberland	8,427,419,900	Salem	5,187,391,727
Essex	75,186,289,955	Somerset	56,315,198,011
Gloucester	24,891,904,134	Sussex	16,402,216,936
Hudson	30,707,343,775	Union	24,322,267,870
Hunterdon	19,543,884,887	Warren	10,223,936,521
Mercer	40,134,368,052	Total	\$1,000,109,612,493

**Taxes Administered by the Public Utility Tax Section for 2017
(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

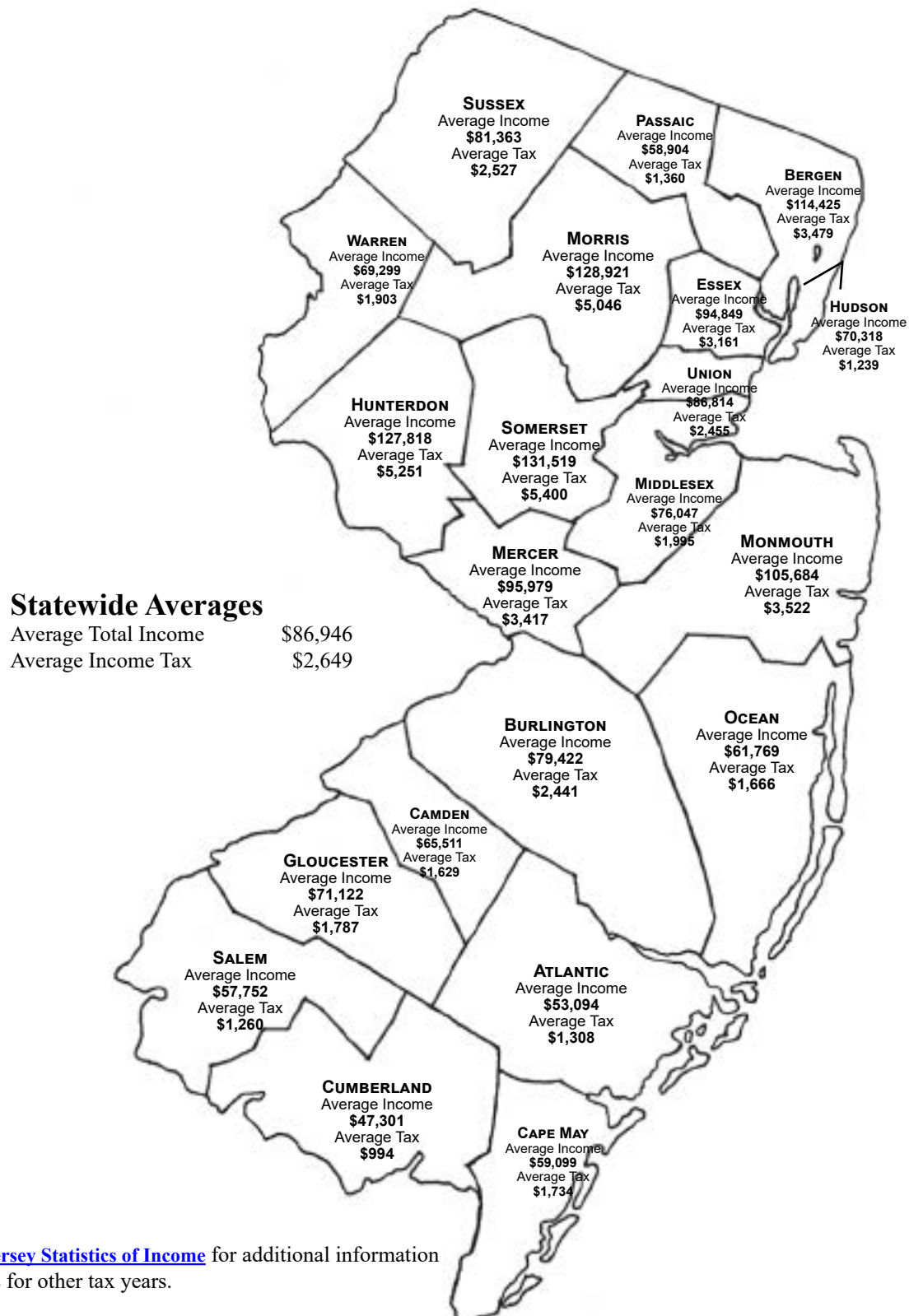
Classification	No. of Companies	Excise Taxes	Franchise Taxes	Gross Receipts Taxes	TEFA	UTUA (CBT)	UTUA (S&U-EN)
Sewer Companies.....	11	\$ 699,844	\$ 2,107,755	\$ 3,535,526	NA	NA	NA
Water Companies.....	25	\$16,819,673	\$52,358,848	\$83,113,670	NA	NA	NA
Energy Companies.....	16	NA	NA	NA	NA	\$16,709,574	\$334,633,363
Telephone Companies.....	3	NA	NA	NA	NA	\$1,520,758	NA
Totals.....	55	\$17,519,517	\$54,466,603	\$86,649,196	\$0	\$18,230,332	\$334,633,363
Total Net Tax Assessed.....						\$511,499,011	

Individual Income Tax Returns County Profile 2016

County	No. of Returns	New Jersey Taxable Income	Net Charged Tax
Atlantic	126,969	\$5,888,920,256	\$166,067,530
Bergen	437,245	45,957,124,193	1,521,283,026
Burlington	206,742	14,724,187,036	504,661,530
Camden	229,152	13,341,825,872	373,240,477
Cape May	45,960	2,397,455,053	79,698,781
Cumberland	64,224	2,672,863,128	63,857,735
Essex	346,103	30,387,106,863	1,093,870,737
Gloucester	131,659	8,303,841,835	235,303,053
Hudson	310,397	20,262,806,399	384,433,223
Hunterdon	60,575	7,089,526,778	318,058,045
Mercer	163,935	14,418,288,907	560,184,487
Middlesex	384,710	26,284,812,633	767,661,969
Monmouth	302,453	29,108,635,204	1,065,191,071
Morris	238,606	28,289,924,123	1,203,910,864
Ocean	264,623	14,235,172,350	440,850,315
Passaic	238,753	12,412,939,639	324,599,509
Salem	28,753	1,465,675,944	36,221,240
Somerset	158,339	19,268,139,653	854,967,840
Sussex	69,148	4,998,342,846	174,736,129
Union	257,954	20,408,481,374	633,323,679
Warren	50,350	3,074,756,817	95,798,574
Unknown	3,738	390,577,189	17,730,334
Total	4,120,388	\$325,381,404,092	\$10,915,650,147

*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 2015*



*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 2014–2016
(Dollar Amounts in Thousands)

Business Type	Number of Vendors			Total Collections			% Change	
	2014	2015	2016	2014	2015	2016	2014–2015	2015–2016
Exempt Organizations	792	798	780	\$ 6,664	\$ 7,015	\$ 7,189	5.3%	2.5%
Manufacturing	29,093	29,956	28,405	670,615	717,601	717,006	7.0	-0.1
Service	94,795	95,163	94,751	2,441,515	2,507,783	2,580,587	2.7	2.9
Wholesale	12,459	12,594	12,523	433,709	445,292	438,829	2.7	-1.5
Construction	19,267	19,313	19,132	219,923	227,909	231,956	3.6	1.8
Retail	68,003	67,289	67,407	4,570,887	4,698,393	4,715,947	2.8	0.4
Government	29	30	30	5,752	540	533	-90.6	-1.3
Not Classified	6,907	6,618	6,365	128,675	145,961	146,314	13.4	0.2
Totals	231,345	231,761	229,393	\$8,477,740	\$8,750,493	\$8,838,361	3.2%	1.0%

Contact Information

Online

www.njtaxation.org

Email

nj.taxation@treas.nj.gov

By Phone

Customer Service Center: 609-292-6400

Automated Tax Information: 800-323-4400
609-826-4400

Homestead Benefit Hotline: 800-238-1233

NJ Business Taxes Telefile: 609-341-4800

Regional Information Centers

Camden

2 Riverside Drive, Suite 200
Camden, NJ 08103

Fair Lawn

22-08 Route 208 South
Fair Lawn, NJ 07410

Galloway

157 W. Whitehorse Pike
Galloway, NJ 08205

Neptune

1828 West Lake Avenue, 3rd Floor
Neptune, NJ 07753

Newark

124 Halsey Street, 2nd Floor
Newark, NJ 07102

Somerville

75 Veterans Memorial Drive East
Suite 103
Somerville, NJ 08876

Trenton

Taxation Building
50 Barrack Street
1st Floor Lobby
Trenton, NJ 08695

Email Service

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Acknowledgments

The *2017 Annual Report* was prepared by the Division of Taxation.

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