2010 Annual Report

State of New Jersey
Department of the Treasury
Division of Taxation

May 2011

The Honorable Chris Christie
Governor

Members of the New Jersey Legislature

Dear Governor Christie and Legislators:

I am pleased to present the Annual Report of the Division of Taxation for the fiscal year ended June 30, 2010.

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

In this challenging economy employees throughout the Division are continually entreated to find a balance between applying the rules and being sensitive to taxpayers' difficult circumstances. The team here at Taxation is clearly focused on the mission to administer the State's tax laws uniformly, equitably, and efficiently to maximize State revenues to support public services; and to ensure that voluntary compliance within the taxing statutes is achieved without being an impediment to economic growth.

I am confident that the Division will continue to meet these challenges and provide the highest level of service to the taxpayers of New Jersey.

Respectfully submitted,

Michael J. Bryan
Acting Director

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DIVISION OF TAXATION HIGHLIGHTS

- On June 23, 2010, approval was granted for the Division of Taxation to hire entry level auditors, investigators, and taxpayer service representatives to fill critical shortages in staffing levels and enhance the Division's customer service and collection activities. A four-month recruiting and hiring program coordinated by Treasury Human Resources and Division of Taxation staff concluded on October 25, 2010, when Treasurer Andrew Sidamon-Eristoff and Acting Director Michael Bryan welcomed over 150 new trainees to the Division of Taxation. The trainees have begun their new careers in all operational areas within the Division, including the Customer Service Center, Office and Field Audit, Compliance Services, and Field Investigations.
- The New Jersey Tax Director's Advisory Council, established in 2010, provides a public forum for communication between the Director of the Division of Taxation and representatives of the public interested in New Jersey tax policy. The purpose of the Council is to provide ideas, input, and perspective to assist the Director in developing tax policy and identifying improvements in the administration of taxes and to offer constructive observations regarding current or proposed tax policies. The Council consists of members appointed by the Director representing a broad background in tax policy matters, including tax and policy professionals of large and small New Jersey businesses and industry associations, tax practitioners, and new business development groups.
- The Office of the Taxpayer Advocate (OTA), created in April 2011, 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 the Division's action or inaction. The OTA is also tasked with identifying and proposing solutions and changes for systemic problems that increase the burden on or create problems for taxpayers. Where appropriate, the OTA will recommend administrative or legislative changes to resolve, alleviate, and/or mitigate identified problems. The OTA is not intended as a substitute for, or to circumvent or replace, established procedures or the formal appeal process. It is only when those procedures don't work properly that the OTA can intercede on the taxpayer's behalf. Initially, the OTA will only be assisting taxpayers with problems involving individual gross income tax. The plan is to expand to other tax types as resources become available.

- To further support and advance the Treasurer's effort to establish a more formal structure of guidance to assist tax practitioners and taxpayers alike in voluntary compliance efforts, the Regulatory Services Branch of the Division of Taxation has commenced to issue and publish Letter Rulings and Technical Advisory Memorandums.

  A Letter Ruling (LR) is a written determination issued on behalf of the Director based on the law, regulations, and Division policies in effect as of the date the LR is issued or for the specific time period at issue in the LR. A Letter Ruling is limited to the facts set forth therein and is binding on the Division only with respect to the person or entity to whom it is issued and only if the person or entity fully and accurately describes all relevant facts. A Letter Ruling cannot be used as legal precedent but may be utilized as guidance by any other like-situated taxpayers.

  Technical Advisory Memorandums (TAM) may be utilized as guidance on general topics of interest. TAMs are modeled after Regulatory Service Branch responses to taxpayer inquiries that raise issues of broad application.

- In 1999 the National Governors' Association and the National Conference of State Legislatures together with the Federation of Tax Administrators formed a task force known as the Streamlined Sales Tax Project to tackle the creation of a nationwide simplified sales tax system that would provide simplification and uniformity while preserving the ability for each state to make decisions about its sales tax based on the needs of its residents. While this legislation creates uniform definitions of products, the taxable status of each defined product remains a decision of each state. In addition, use or entity-based exemptions can be created within a definition.

  In November 2002 the Project approved model legislation that forms a basis for a dramatic reduction of the burden placed on retailers. The model legislation provided that when at least ten states representing at least 20% of the U.S. population adopted the conforming provisions, the Streamlined Sales Tax Governing Board, Inc. would come into being. The criteria were satisfied and the Governing Board began operations in October 2005.

  Through the adoption of P.L. 2005, C. 126, New Jersey joined the national coalition of states by conforming the New Jersey Sales and Use Tax Act to the provisions of the Streamlined Sales and Use Tax Agreement (SSUTA). The provisions of the law became effective in New Jersey on October 1, 2005.

  Key features of the SSUTA include uniformity regarding definitions, exemption certificate administration, and sourcing rules. The Agreement also provides for a central voluntary registration system to encourage registration by out-of-state businesses and Internet sellers.

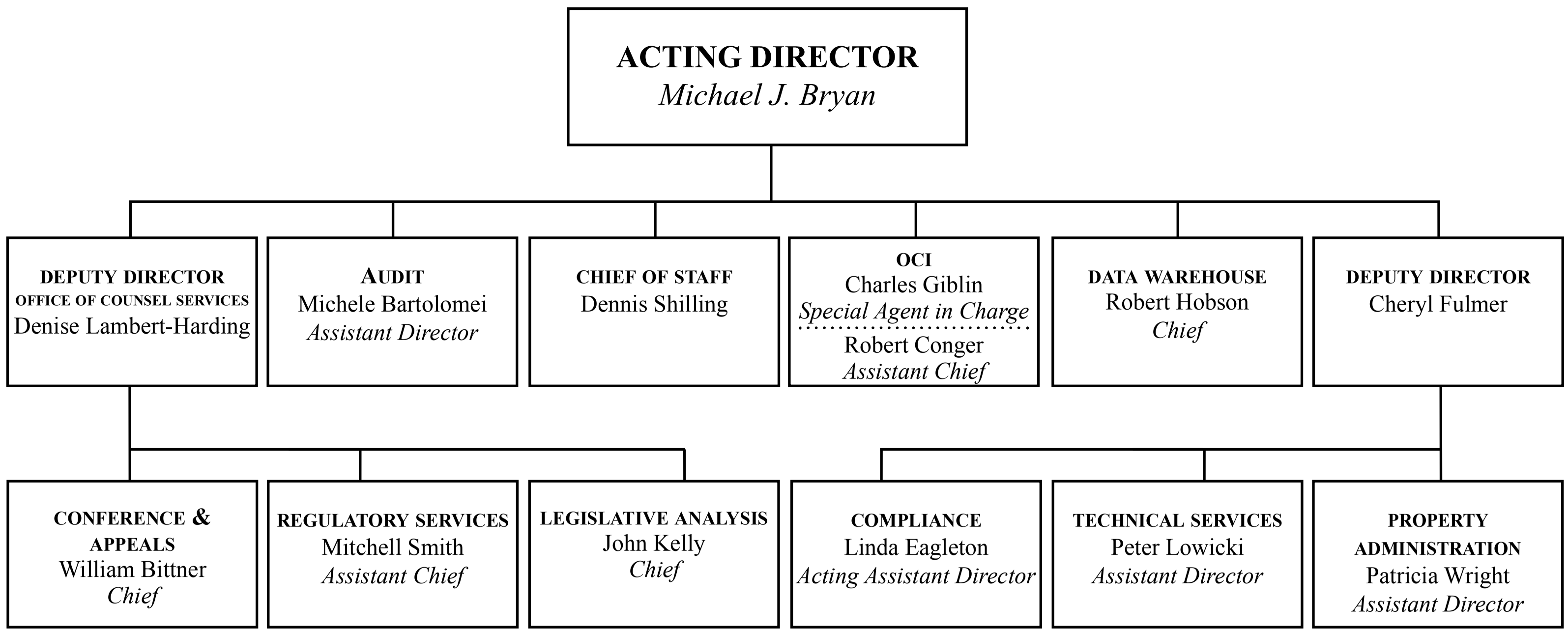
  1,496 sellers have registered in New Jersey to date, with collections for fiscal year 2011 through March 31, 2011, totaling $13.3 million.

New Jersey Division of Taxation

ORGANIZATION AND ACTIVITIES

DIVISION OF TAXATION ORGANIZATION

(CURRENT AS OF 5/1/11)



AUDIT

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

In-State Field Audit

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

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

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

Out-of-State Field Audit

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

Office Audit

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

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

Individual Tax Audit

The Individual Tax Audit Branch is comprised of the Gross Income Tax Audit Section and the Transfer Inheritance and Estate Tax Section.

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

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

Audit Services

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

This Branch is comprised of six groups. The Audit Selection and Technical Support Group provides other Audit Activity branches with audit candidates. The Audit Billing Group provides billing and collection support for Audit Activity. The Word Processing Group provides centralized word processing and other clerical support for Audit Activity. The two Sales and Use Tax refund groups located in Hamilton Township, Mercer County are responsible for auditing and processing all Sales and Use Tax refund claims as well as many other types of refunds such as the Hotel/Motel State Occupancy Fee and Municipal Occupancy Tax, Cosmetic Medical Procedures Gross Receipts Tax, and the Nursing Home Assessment. The Urban Enterprise Zone (UEZ) Sales and Use Tax Refund Group located in Newark is responsible for auditing and processing Sales and Use Tax UEZ refund claims filed by UEZ certified businesses for property and services used exclusively in the zone.

Excise Tax

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

The Branch is comprised of four groups. The Public Utility Tax Group administers the Public Utility Excise, Franchise and Gross Receipts Taxes, Radiation Emergency Response Assessments, Sales and Use Energy Tax, Transitional Energy Facility Assessments, and Uniform Transitional Utility Assessments, and is responsible for reviewing and auditing taxpayer reports. The Public Utility Tax Group also administers the agreement between New Jersey and New York as it relates to Sales and Use Tax being charged by vendors doing interstate business. The Field Audit Group performs field audits on businesses to ensure compliance with existing tax statutes. Audits of the taxpayer's accounting records are extensive and include taxes administered by the Branch. The Field Audit Group also performs compliance inspections relating to the motor fuel, cigarette, and tobacco taxes. The Office Group administers Motor Fuel Tax and Petroleum Products Gross Receipts Tax. They are responsible for the licensing and bonding of all motor fuel businesses and they issue all Motor Fuel Tax and Petroleum Products Gross Receipts Tax refunds. The Cigarette Tax Group administers Cigarette Tax and Tobacco Products Wholesale Sales and Use Tax, along with Alcoholic Beverage Tax and Spill Compensation and Control Tax. They are responsible for maintaining pricing requirements along with audit and investigation functions. The group also performs various duties including reviewing and maintaining records relating to the Master Settlement Agreement.

TECHNICAL SERVICES

Customer Services

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

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

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

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

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

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

Taxpayer Accounting

The Taxpayer Accounting Branch provides assistance to taxpayers by resolving discrepancies with their accounts, including those relating to the various property tax relief programs administered by the Division. In some cases, this consists of reviewing tax returns to verify the correctness of processing before issuing a refund or bill. In other cases, this means reviewing correspondence submitted by taxpayers who disagree with the processing of their returns. The Branch consists of the following units:

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

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

The ***Property Tax Relief Programs Unit*** resolves problems related to the State's Homestead Benefit and Property Tax Reimbursement Programs. The unit assists New Jersey legislators seeking to resolve constituents' problems, and responds directly to taxpayer correspondence related to these property tax relief programs. The unit reviews pending homestead benefit 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 ***Homestead Benefit Eligibility Unit*** evaluates the eligibility of selected homestead benefit applications, reviews pending applications, and resolves problems related to the State's Homestead Benefit Program. The unit responds to correspondence; contacts tenants, homeowners, and municipal tax offices to obtain missing information or to verify eligibility; and adjusts accounts and approves payments for eligible applicants. The unit also processes returned homestead benefit and property tax reimbursement checks.

Technical Information

The Technical Information Branch produces informational publications and tax return instructions; responds to taxpayer e-mail and correspondence; and provides information to the public at Regional Information Centers, at outreach events, and via the Division's Web site.

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

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

The ***Training and Outreach Unit*** provides instruction to personnel across the Division regarding technical tax topics, employee development, and desktop software applications. It also provides speakers to external groups on tax-related matters.

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

COMPLIANCE

This Activity is comprised of two branches: the Compliance Services Branch (merged with the former Special Procedures Branch) and the Field Investigations Branch. A description of each of the branches follows.

Compliance Services Branch

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

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

Bankruptcy. Responsible for collecting delinquent taxes from debtors who have filed for protection under Federal or State Insolvency Statutes by submitting Proofs of Claim to the appropriate courts of jurisdiction. This section works closely with the Attorney General's Office to represent the State's interests in Bankruptcy Court proceedings.

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

Judgments. Collects overdue liabilities from taxpayers who neglected or refused to pay taxes and/or file returns. The primary collection instrument is the Certificate of Debt, which is filed with the Clerk of the New Jersey Superior Court. A Certificate of Debt has the same force and effect as a Docketed Judgment adjudicated in any court of law.

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

Delinquency Section. Issues delinquency notices when taxpayers fail to file required tax returns when due, and secures delinquent returns and payments. The program covers most taxes administered by the Division. This unit is also responsible for reviewing the tax accounts of businesses seeking certification as eligible for Urban Enterprise Zone benefits and/or obtaining Cigarette and Motor Fuel Licenses.

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

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

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

CATCH **(C**itizens **A**gainst **T**ax **CH**eats**).** Receives and reviews reports of possible noncompliance and refers them to the appropriate Division branch or State agency for evaluation and action.

Contract Liaison Unit. Provides quality assurance, administrative, and technical support to outside vendors which have been awarded public contracts to pursue delinquent and deficient taxes for the Division.

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

Field Investigations Branch

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

Attorney General Referrals. Whenever the Division has exhausted its collection remedies without success, the case may be referred to the Office of the Attorney General for additional collection actions. Such actions may include domesticating the Division of Taxation's lien in another state where assets of the debtor may have been located, and/or instituting wage garnishment proceedings.

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

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

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

Tax Enforcement involves personal contact with businesses and individuals to secure delinquent tax returns, collect outstanding taxes, and enforce registration and licensing requirements. If necessary to protect the State's interest, a Certificate of Debt, which is an administrative judgment, is filed with the New Jersey Superior Court, followed by the issuance of a Warrant of Execution to collect the tax debt. Before assets are seized, the taxpayer is given a final warning and encouraged to make payment arrangements. Thereafter, the personal and business assets of the noncompliant tax debtor are subject to seizure and sale at public auction. Investigators utilize data matching to identify assets of tax debtors. One example is the matching of bank accounts of individuals that the Division has filed a Certificate of Debt (COD) against. This information provides a ready source of funds to levy.

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, in part, monitor county board of taxation members' statutory education requirements and serve on the Continuing Education Eligibility Board awarding credit for classes relevant to the recertification process for assessors. Personnel often take leading roles in training, education seminars, and courses providing knowledge on local property administration issues aimed at improving the performance of county board of taxation members, administrators, and municipal assessors.

Local Property

Policy and Planning Section

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

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

County Board of Taxation Assistance/Compliance/Certified Assessor Exam/Realty Transfer Fee Unit 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; coordinates and administers biannual Tax Assessor Certification Exams; prepares written information and instructions on various property tax statutes and programs for use by county tax board members and administrators.

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

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

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

Equalization and Tax Map Unit reviews and corrects county equalization and county abstract of ratables for all 21 counties; prepares the State Abstract of Ratables and annual State Equalization Table and answers all equalization questions; develops and maintains the Handbook for County Boards of Taxation; reviews and approves municipal tax maps for conformance to current specifications and, as required, for municipal revaluations or formal certification.

Valuation and Railroad Property Unit values real property for Inheritance Tax purposes to assist the Transfer Inheritance and Estate Tax Section; maintains the Real Property Appraisal Manual for New Jersey Assessors; conducts special appraisal studies and investigations as required to meet unusual or unique circumstances; reviews, classifies, assesses, and taxes railroad properties; assesses and computes Railroad Franchise Tax; determines railroad replacement revenues for municipalities in which railroad property is located; and collects, reviews, and maintains employment information that pertains to municipal assessors, such as tenure and term of office.

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

CHIEF OF STAFF

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

Management Services

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

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

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

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

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

Data Systems

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

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

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

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

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

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

OFFICE OF COUNSEL SERVICES

Conference and Appeals

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

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

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

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

Office of Legislative Analysis and Disclosure

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

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

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

The Disclosure Officer performs many administrative duties including responding to internal and external requests for tax records and recommending and implementing exchange agreements with state and Federal agencies. The unit interfaces with the Internal Revenue Service, the New Jersey State Police, the Division of Criminal Justice, the Division of Gaming Enforcement, as well as other states through their specific tax and revenue functions. Through this activity the Division of Taxation, as well as other taxing agencies throughout the United States, has been able to locate and identify tax evaders who cross state lines.

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

Regulatory Services

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

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

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

OFFICE OF CRIMINAL INVESTIGATION (OCI)

The Office of Criminal Investigation (OCI) is the Division's law enforcement and criminal investigation arm. Its primary mission is to conduct investigations concerning alleged violations of the State tax code and to enforce the statutes and regulations administered by the Division. OCI works closely with other law enforcement and criminal justice agencies, particularly the New Jersey Attorney General's Office and the 21 County Prosecutors' Offices, including Federal, State, and local criminal investigators focusing on economic and financial crimes that have tax compliance consequences. OCI also provides homeland security and emergency management support to the Division.

OCI consists of three units:

The Special Investigations Unit (SIU) consists of sworn special agents who detect, investigate, and arrest violators of the Cigarette Tax Act, Motor Fuel Tax Act, and the Tobacco Products Wholesale Sales and Use Tax. Contraband smuggling, counterfeiting of tax indicia and goods are priority investigations. The seizure and forfeiture of currency, vehicles, and related equipment are tools used by OCI to deter violators. Investigators assigned to SIU conduct regulatory enforcement actions at licensed premises citing violators for local court proceedings.

The Internal Security Unit (ISU) handles confidential and sensitive matters, including internal investigations regarding professional responsibility; background investigations of prospective employees; and acts of threats, harassment, or intimidation made by persons attempting to impede the functions of the Division. ISU provides training for new employees on confidentiality statutes, rules and policies, and bribery awareness issues.

The Financial Investigations Unit (FIU) is staffed by "forensic" auditors who investigate criminal violations involving the various taxes administered by the Division with a focus on Sales and Use Tax, Gross Income Tax, and Corporation Business Tax. Entrusted fund investigations receive particular attention. Auditors assigned to FIU receive extensive criminal investigative training to augment their financial skills. Within FIU is the Special Frauds Activity that works to identify refund fraud, false filings, and other criminal schemes designed to defraud the State. It assists in implementing systems and methods to prevent unlawful refunds in an ever-changing environment.

DATA WAREHOUSE

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

TDW has accomplished multiple objectives of the Division of Taxation including revenue enhancements, operating cost reductions, improved data integrity and validation, standardization of analytical processes, and greater flexibility in the use of multiple data sources. In addition, TDW recently implemented a Scoring and Ranking Model which utilizes actual response data to score and prioritize the leads allowing the Division to focus on the most productive cases. TDW also implemented a Business Objects reporting and analytical tool that allows users to access specific data to assist in the completion of their unit's goals.

OFFICE OF REVENUE AND ECONOMIC ANALYSIS

Effective November 2010, the Office of Revenue and Economic Analysis became part of the Office of the Chief Economist within the Department of the Treasury.

New Jersey Division of Taxation

TAXES AND PROGRAMS ADMINISTERED

Table 1—Major State Revenue Collections (Net) Fiscal Years 2008–2010

Revenue Source	2010[1]	% of Total	2009	% of Total	2008	% of Total	% Change 2009–10
Collected by the Division:							
Alcoholic Beverage Tax (total revenue)	$ 126,367,349	0.5%	$ 105,487,892	0.4%	104,101,187	0.3%	19.8%
Casino Parking Fee[2]	25,746,497	0.1	27,237,285	0.1	29,297,321	0.1	-5.5
Cigarette Tax (total revenue)	741,765,675	2.9	731,410,043	2.7	774,991,458	2.5	1.4
Corporation Taxes:							
Corporation Business[3]	2,144,566,605	8.3	2,665,161,794	9.9	3,062,378,874	10.0	-19.5
CBT Banks & Financials	130,405,775	0.5	144,741,199	0.5	70,850,577	0.2	-9.9
Cosmetic Medical Procedures Tax	9,928,232	0.0	9,816,088	0.0	11,296,929	0.0	1.1
Domestic Security Fee	29,202,597	0.1	29,987,345	0.1	22,634,186	0.1	-2.6
Environmental Taxes:							
Landfill Closure and Contingency	1,651,728	0.0	1,702,010	0.0	1,816,196	0.0	-3.0
Litter Control	16,946,428	0.1	18,725,410	0.1	16,771,223	0.1	-9.5
Public Community Water Systems	2,422,770	0.0	3,274,187	0.0	3,367,684	0.0	-26.0
Recycling[4]	23,239,262	0.1	23,261,186	0.1	6,120,427	0.0	-0.1
Solid Waste Services[5]	0	0.0	0	0.0	3,734,518	0.0	NA
Spill Compensation	20,436,208	0.1	23,837,238	0.1	24,533,624	0.1	-14.3
Fur Clothing Retail Gross Receipts/Use Tax[6]	(276)	0.0	825,954	0.0	1,640,017	0.0	-100.0
Gross Income Tax	10,322,942,702	39.8	10,476,267,266	38.7	12,605,545,164	41.4	-1.5
Hotel/Motel Occupancy Fee/Tax	72,808,464	0.3	74,261,839	0.3	86,285,708	0.3	-2.0
Insurance Premiums Tax	509,305,514	2.0	456,810,226	1.7	542,920,068	1.8	11.5
Medical Malpractice Fund Assessments[7]	0	0.0	0	0.0	19,883	0.0	NA
Miscellaneous Revenues	17,248,983	0.1	28,836,070	0.1	0	0.0	-40.2
Mobile Telecommunications (9-1-1) Fee	128,069,604	0.5	130,635,997	0.5	130,245,001	0.4	-2.0
Motor Fuel Tax	535,281,605	2.1	538,166,711	2.0	563,266,276	1.8	-0.5
Motor Vehicle Tire Fee	8,622,475	0.0	8,327,744	0.0	9,637,313	0.0	3.5
Nursing Home Provider Assessment (tot. rev.)	130,168,286	0.5	129,360,736	0.5	135,065,102	0.4	0.6
Petroleum Products Tax	216,279,752	0.8	222,513,056	0.8	230,666,835	0.8	-2.8
Public Utility Excise Tax	13,235,199	0.1	12,255,206	0.0	12,233,800	0.0	8.0
Railroad Franchise Tax	4,172,716	0.0	6,277,198	0.0	1,475,858	0.0	-33.5
Railroad Property Tax	3,908,809	0.0	33,009,561	0.1	2,998,642	0.0	-88.2
Sales Taxes:							
Sales and Use[3]	7,898,166,015	30.4	8,264,162,457	30.6	8,915,515,422	29.3	-4.4
Atlantic City Lux & Promo (Loc. Use)	26,552,304	0.1	27,242,018	0.1	27,351,847	0.1	-2.5
Tobacco Products Wholesale	17,977,198	0.1	16,367,295	0.1	14,360,266	0.0	9.8
Cape May County Tourism (Loc. Use)	5,203,910	0.0	5,169,150	0.0	5,914,020	0.0	0.7
Savings Institution Tax[8]	(1,617)	0.0	125	0.0	68,234	0.0	-1393.6
Transfer Inheritance and Estate Taxes	581,624,419	2.2	653,439,759	2.4	698,694,013	2.3	-11.0
Revenue Collected by the Division	$23,764,245,188	91.6%	$24,868,570,045	92.0%	$28,115,797,673	92.3%	-4.4%
Collected Outside the Division:							
State Athletic Control Board (tot. rev.)	$ 634,887	0.0%	$ 542,409	0.0%	1,312,623	0.0%	17.0%
Casino Revenue[9]	296,125,408	1.1	351,039,029	1.3	412,986,637	1.4	-15.6
Casino Control	64,084,023	0.2	64,467,684	0.2	72,972,975	0.2	-0.6
Lottery	924,009,031	3.6	887,208,916	3.3	882,058,235	2.9	4.1
Motor Vehicle Fees (total revenue)	629,311,804	2.4	548,451,280	2.0	469,743,354	1.5	14.7
Outdoor Advertising (total revenue)[10]	1,929,694	0.0	1,747,306	0.0	2,229,423	0.0	10.4
Realty Transfer (total revenue)	275,969,472	1.1	316,129,519	1.2	517,404,936	1.7	-12.7
Revenue Collected Outside the Division	$ 2,192,064,319	8.4%	$ 2,169,586,143	8.0%	$ 2,358,708,183	7.7%	1.0%
Total Major State Revenue Collections	**$25,956,309,507**	**100.0%**	**$27,038,156,188**	**100.0%**	**$30,474,505,856**	**100.0%**	**-4.0%**

1 The 2010 figures are subject to adjustment.
2 16.7% of the Casino Parking Fee was deposited into the Casino Revenue Fund for Fiscal Years 2008 – 2010 (P.L. 2003, C. 116).
3 Includes the on-budget amount of energy tax for sales tax and CBT.
4 Imposed effective April 1, 2008. Replaces the Solid Waste Services Tax.
5 Repealed effective February 1, 2008.
6 Imposed effective July 15, 2006. Repealed effective January 1, 2009.
7 Figure includes only Attorney Fee collections. Expired after calendar year 2006.
8 Repealed for privilege periods/taxable years beginning after 2001; entries reflect prior-year adjustments.
9 Figure includes Atlantic City Casino Taxes and Fees, including 16.7% of the Casino Parking Fee for Fiscal Years 2008 – 2010.
10 Rate reduced from 6% to 4% on July 1, 2006. No fee imposed as of July 1, 2007.

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

Statutory Responsibilities

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

Tax	N.J.S.A. Citation
Alcoholic Beverage Tax	54:41-1 *et seq.*
Atlantic City Casino Taxes and Fees	5:12-148.1 to 5:12-148.3 5:12-148.8 5:12-173.2
Atlantic City Luxury Sales Tax	40:48-8-15 *et seq.* 54:32B-24.1 *et seq.*
Atlantic City Tourism Promotion Fee	40:48-8.45 *et seq.*
Cape May County Tourism Sales Tax	40:54D-1 to 10
Cigarette Tax	54:40A-1 *et seq.* 56:7-18 *et seq.*
Corporation Business (Net Income and Net Worth) Tax	54:10A-1 *et seq.*
CBT Banking Corporation	54:10A-1 *et seq.*
CBT Financial Corporation	54:10A-1 *et seq.*
Cosmetic Medical Procedures Gross Receipts Tax	54:32E-1 *et seq.*
Domestic Security Fee	App.A:9-78
Fur Clothing Retail Gross Receipts Tax and Use Tax	54:32G-1 *et seq.*
Gross Income Tax	54A:1-1 *et seq.*
Hotel/Motel Occupancy Fee and Municipal Occupancy Tax	54:32D-1 *et seq.*
Insurance Premiums Tax	54:16-1 *et seq.* 54:16A-1 *et seq.* 54:17-4 *et seq.* 54:18A-1 *et seq.*
Landfill Closure and Contingency Tax	13:1E-100 *et seq.*
Litter Control Fee	13:1E-213 *et seq.*
Local Property Tax	54:4-1 *et seq.*
Medical Malpractice Fund Assessments	17:30D-29
Motor Fuel Tax	54:39-1 *et seq.*

Tax	N.J.S.A. Citation
Motor Vehicle Tire Fee	54:32F-1 *et seq.*
9-1-1 System and Emergency Response Assessment	52:17C-17 *et seq.*
Nursing Home Assessment	26:2H-92 *et seq.*
Outdoor Advertising Fee	54:4-11.1 *et seq.*
Petroleum Products Gross Receipts Tax	54:15B-1 *et seq.*
Property Tax Relief Programs	54:4-8.67 *et seq.*
Homestead Rebate	54:4-8.57 *et seq.*
NJ SAVER Rebate	54:4-8.58a and 54:4-8.58b
Property Tax Reimbursement	54:4-8.67 *et seq.*
Public Community Water System Tax	58:12A-1 *et seq.*
Public Utility Taxes:	
Public Utility Excise, Franchise, and Gross Receipts Taxes	54:30A-49 *et seq.*
Railroad Franchise Tax	54:29A-1 *et seq.*
Railroad Property Tax	54:29A-1 *et seq.*
Realty Transfer Fee	46:15-5 *et seq.*
Recycling Tax	13:1E-96 *et seq.*
Sales and Use Tax	54:32B-1 *et seq.*
Savings Institution Tax	54:10D-1 *et seq.*
Solid Waste Services Tax	13:1E-1 *et seq.*
Spill Compensation And Control Tax	58:10-23.11 *et seq.*
Tobacco Products Wholesale Sales and Use Tax	54:40B-1 to 14
Transfer Inheritance and Estate Taxes:	
Transfer Inheritance	54:33-1 *et seq.*
Estate	54:38-1 *et seq.*
Transitional Energy Facility Assessment	54:30A-100 *et seq.*
Uniform Transitional Utility Assessment	54:30A-114 *et seq.*

Alcoholic Beverage Tax

Description

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

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

Rate

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

Disposition of Revenues

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

Atlantic City Casino Taxes and Fees

Description

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

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

Rate

Taxes and fees are assessed at the following rates:

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

Disposition of Revenues

All revenues from the taxes and fees are deposited into the Casino Revenue Fund with the exception of the Casino Parking Fee, which is collected and held in a special fund by the State Treasurer. The funds are available to the Casino Reinvestment Development Authority to finance public improvements in the Atlantic City area.

Atlantic City Luxury Sales Tax

Description

The Atlantic City Luxury Sales Tax applies to the receipts from specified retail sales within Atlantic City, including sales of alcoholic beverages for on-premises consumption; cover, minimum, or entertainment charges; room rental in hotels, inns, rooming, or boarding houses; hiring of rolling chairs, beach chairs, and cabanas; and tickets of admission within Atlantic City.

Casual sales, sales to New Jersey or its political subdivisions, sales exempt under Federal law, and sales by a church or nonprofit charitable organization are exempt.

Rate

The rate of tax is 3% on sales of alcoholic beverages sold by the drink and 9% on other taxable sales. The State sales tax rate is reduced to the extent that the city rate exceeds 6%, and the maximum combined Atlantic City rate and New Jersey rate (excluding the State occupancy fee) may not exceed 13%.

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

Atlantic City Tourism Promotion Fee

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

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

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

Cape May County Tourism Sales Tax

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

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

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

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

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

Cigarette Tax

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

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

Rate
The tax rate is $2.70 per pack of 20 cigarettes and $3.375 per pack of 25 cigarettes effective July 1, 2009.

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

Disposition of Revenues

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

Corporation Business Tax

Description

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

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

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

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

Rate

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

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

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

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

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

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

Disposition of Revenues

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

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

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

History

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

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

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

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

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

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

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

Net Income Tax rates have changed as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

P.L. 2009, C. 90, provides that a business that makes $50 million of qualified capital investment in a business facility in an urban transit hub and, with at most three tenants, employs at least 250 full-time employees at that facility may qualify for tax credits equal to 100% of the qualified capital investment.

P.L. 2009, C. 120, effective August 18, 2009, extends the Neighborhood Revitalization State Tax Credit Program eligibility to areas that are adjacent to current qualifying neighborhoods and that share similar socioeconomic characteristics with those eligible neighborhoods.

Installment Payments of Estimated Tax

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

(a) If the total tax liability is $500 or more, the taxpayer must make installment payments. These payments are due on or before the 15th day of the 4th, 6th, 9th, and 12th month of the tax year.

(b) If the total tax liability is less than $500, installment payments may be made as shown in (a) above or, in lieu of making installment payments, the taxpayer may make a payment of 50% of the total tax liability.

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

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

Partnerships

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

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

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

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

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

Banking and Financial Corporations

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

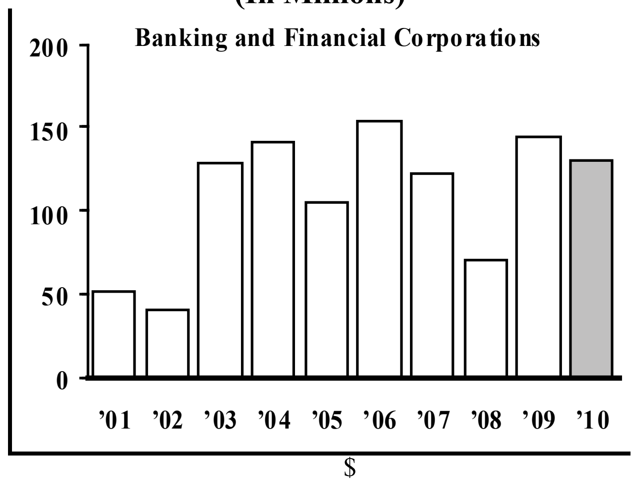
Chapter 170, P.L. 1975, provides that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes shall be the greater of (1) the amount which such banking corporation paid in calendar year 1975 as Bank Stock Tax, or (2) a sum equal to total of taxes paid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

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

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

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

Corporation Business Tax Collections (In Millions)



Fiscal Year	Collections
2001	51,971,516
2002	41,649,356
2003	128,451,019
2004	141,432,025
2005	105,380,894
2006	153,839,428
2007	123,007,092
2008	70,850,577
2009	144,741,199
2010	**130,405,775**

Investment Companies

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

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

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

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

Deferred Predissolution Payment

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

Allocation Factor

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

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

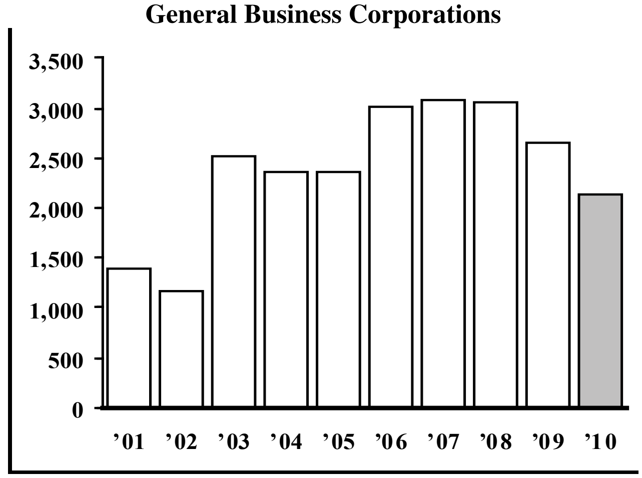
Chapter 40, P.L. 2002, also introduced an alternative minimum assessment (AMA) on apportioned gross receipts or gross profits of C corporations when the AMA exceeds the normal Corporation Business Tax. The assessment is based on either gross receipts or gross profits, with the taxpayer electing which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

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

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

Corporation Business Tax Collections (In Millions)

General Business Corporations



Fiscal Year	Collections
2001	$1,389,486,310
2002	1,171,456,857
2003	2,525,446,781
2004	2,370,169,715
2005	2,368,105,017
2006	3,007,830,476
2007	3,084,921,689
2008	3,062,378,874
2009	2,665,161,794
2010	**2,144,566,605**

Cosmetic Medical Procedures Gross Receipts Tax

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

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

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

Domestic Security Fee

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

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

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

Fur Clothing Retail Gross Receipts Tax and Use Tax

Description
P.L. 2006, C. 41, imposed a gross receipts tax, payable by retailers, on the retail sale of fur clothing in New Jersey. The law also imposed use tax on the retail price of fur clothing on which the seller did not pay gross receipts tax. The Fur Clothing Retail Gross Receipts Tax and Use Tax was repealed effective January 1, 2009 (P.L. 2008, C. 123).

Gross Income Tax

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

Rate
Rates for tax years beginning on or after January 1, 2004, but before January 1, 2009, range from 1.4% – 8.97%. For tax years beginning on or after January 1, 2009, but before January 1, 2010, only, the rates range from 1.4% – 10.75%, after which they revert to the previous rates.

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

jointly, heads of household, and surviving spouses), and $7,500 or less for the entire year (married persons filing separately). For tax year 2001 and thereafter, the filing threshold is $10,000 or less for the entire year (single filers, married persons filing separately, and estates and trusts), and $20,000 or less for the entire year (married couples filing jointly, heads of household, and surviving spouses).

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

Exemptions

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

Deductions

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

Credits

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

Withholding Requirement

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

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

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

Disposition of Revenues

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

History

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective for tax years beginning on or after January 1, 2004, Chapter 63, P.L. 2005, provides a gross income exclusion for housing and subsistence allowances received by members of the active and reserve components of the

U.S. Armed Forces and by members of the New Jersey National Guard while on State active duty.

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

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

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

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

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

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

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

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

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

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

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

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

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

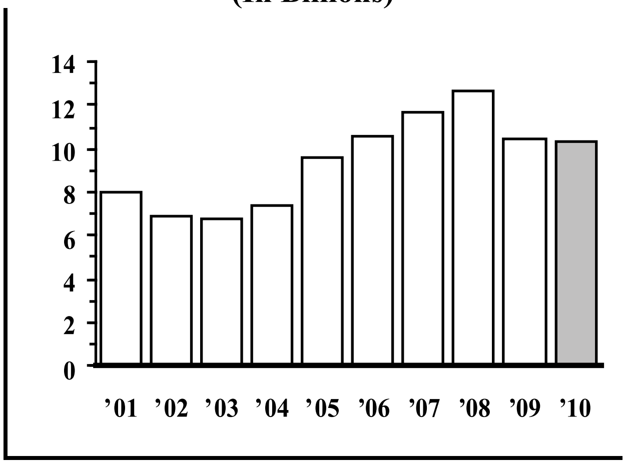
The law provided that for the 2009 taxable year, taxpayers who had gross income of more than $250,000 and were not (1) 65 years of age or older or (2) allowed a personal exemption as a blind or disabled individual, were not eligible for the property tax deduction.

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

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

P.L. 2010, C. 27, reduces the New Jersey earned income tax credit from 25% of the Federal amount to 20% of the Federal amount, effective beginning with the 2010 tax year.

Gross Income Tax Collections (In Billions)



Fiscal Year	Collections
2001	$ 7,989,222,227
2002	6,836,992,402
2003	6,735,282,357
2004	7,400,732,606
2005	9,537,938,903[1]
2006	10,506,564,988
2007	11,727,192,312
2008	12,605,545,164
2009	10,476,267,266[2]
2010	**10,322,942,702**[2]

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

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

Hotel/Motel Occupancy Fee/ Municipal Occupancy Tax

Description

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

Rate

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

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

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

Disposition of Revenues

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

Insurance Premiums Tax

Description

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

Rate
With a few exceptions, the tax rate is 2% of the premiums collected on insurance risks in this State. Major exceptions include group accident and health insurance premiums (1%); ocean marine risks (5% of three-year average of underwriting profits); workers' compensation premiums (2.25%). If, for any insurance company, the ratio of New Jersey business to total business is greater than 12.5%, the tax is imposed on only 12.5% of that company's total premiums. Another .05% is imposed on group accident and health premiums and another .1% on all other insurance premiums, the revenues being dedicated to the Department of Insurance.

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

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

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

Landfill Closure and Contingency Tax

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

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

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

Litter Control Fee

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

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

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

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

Local Property Tax

Description

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

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

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

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

Rate

The local property tax rate is determined each year in each municipality by relating the total amount of tax levy to the total of all assessed valuations taxable. Expressed in $1 per $100 of taxable assessed value, the tax rate is a multiplier for use in determining the amount of tax levied upon each property. See Appendix A for the 2009 general and effective property tax rates in each municipality.

Disposition of Revenues

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

History

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

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

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

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

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

Personal property provisions of Chapter 51, Laws of 1960, were replaced by Chapter 136, Laws of 1966. For taxes payable in 1968 and until 1993, personal property used in business (other than the businesses of local exchange telephone, telegraph, and messenger system companies and other public utilities) was subject to the Business Personal Property Tax instead of the local tax. Personal property is no longer subject to any property tax and inventories of all businesses are excluded from property taxation.

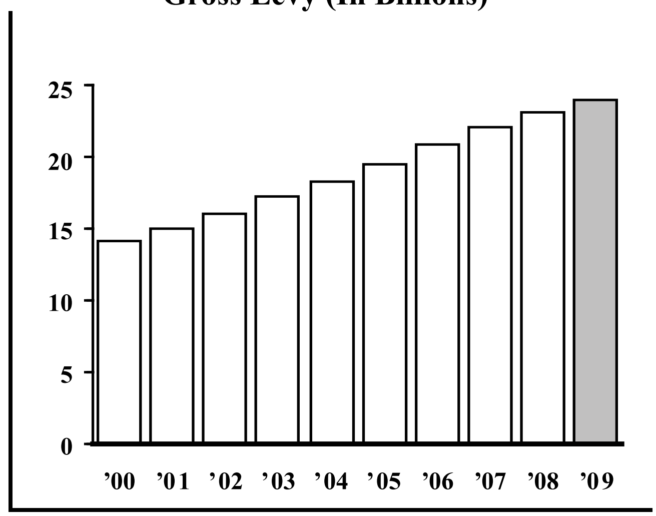
The 1966 law also provided for replacement of local personal property tax revenues from four tax sources: (1) Retail Gross Receipts Tax, (2) Corporation Business (Net Income) Tax, (3) Business Personal Property Tax and (4) Unincorporated Business Tax. This revenue replacement program was terminated (C.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

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

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

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

Local Property Tax
Gross Levy (In Billions)



Fiscal Year	Gross Tax Levy
2000	$14,195,812,735
2001	14,992,785,135
2002	16,053,021,123
2003	17,254,024,652
2004	18,377,494,023
2005	19,567,777,307
2006	20,914,761,932
2007	22,130,902,055
2008	23,213,741,007
2009	**24,048,643,407**

Medical Malpractice Fund Assessments

Description

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

Motor Fuel Tax

Description

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

Rate

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

The diesel fuel tax rate is $0.135 per gallon, of which $0.03 per gallon is refundable for fuel used in passenger automobiles and motor vehicles of less than 5,000 pounds gross weight (C. 73, P.L. 1984, effective September 1, 1985).

No tax is due from sales of motor fuel to the United States or the State of New Jersey; between licensed distributors; between licensed gasoline jobbers; and for export.

Disposition of Revenues

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

Motor Vehicle Tire Fee

Description

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

Rate

The Motor Vehicle Tire Fee is $1.50 per tire.

Disposition of Revenues

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

9-1-1 System and Emergency Response Assessment

Description

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

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

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

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

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

Nursing Home Assessment

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

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

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

Outdoor Advertising Fee

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

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

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

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

Petroleum Products Gross Receipts Tax

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

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

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

Rate

The petroleum products tax is imposed at the rate of 2¾% on gross receipts from the first sale of petroleum products in New Jersey. In the case of fuel oils, aviation fuels, and motor fuels, this rate is converted to $0.04 per gallon pursuant to C. 48, P.L. 2000, adopted on June 30, 2000. Eligible taxpayers may claim the Neighborhood Revitalization State Tax Credit against the petroleum products gross receipts tax pursuant to P.L. 2001, C. 415.

Disposition of Revenues

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

Property Tax Relief Programs

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

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

Homestead Rebate Program

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

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

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

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

Chapter 63, P.L. 1999, the NJ SAVER and Homestead Rebate Act, created the NJ SAVER Rebate Program, another new, direct property tax relief program to be phased in over five years beginning in 1999. Under the provisions of this Act, homeowners who qualified for both the homestead rebate and the NJ SAVER rebate received either the homestead rebate or the NJ SAVER rebate, depending which program provided the greater benefit. (See *NJ SAVER Rebate Program* on page 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 which, under the prior legislation (C. 63, P.L. 1999), was scheduled to end with rebates paid in 2003. It also increased the minimum rebate for tenants who were 65 or disabled to $100.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 are to receive 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 are to receive 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 are to be applied to property tax bills for the second quarter of 2011.

NJ SAVER Rebate Program

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

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

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

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

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

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

Property Tax Reimbursement Program

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

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

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

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

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

Other Benefits

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

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

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

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

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

Public Community Water System Tax

Description
The Public Community Water System Tax is levied upon the owner or operator of every public community water system in New Jersey based upon water delivered to consumers, not including water purchased for resale, on or after April 1, 1984.

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

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

Public Utility Franchise Tax

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

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

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

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

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

Public Utility Gross Receipts Tax

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

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

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

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

Public Utility Excise Tax

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

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

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

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

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

Railroad Franchise Tax

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

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

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

Railroad Property Tax

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

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

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

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

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

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

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

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

Realty Transfer Fee

Description

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

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

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

Rate

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

Standard Transactions and New Construction

Total Consideration Not Over $350,000

Consideration		Rate / $500
over	*but not over*	
$ 0	$ 150,000	$ 2.00
150,000	200,000	3.35
200,000	350,000	3.90

Total Consideration Over $350,000

Consideration		Rate / $500
over	*but not over*	
$ 0	$ 150,000	$ 2.90
150,000	200,000	4.25
200,000	550,000	4.80
550,000	850,000	5.30
850,000	1,000,000	5.80
1,000,000*		6.05

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

Total Consideration Not Over $350,000

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

Total Consideration Over $350,000

Consideration		Rate / $500
over	*but not over*	
$ 0	$150,000	$1.40
150,000	550,000	2.15
550,000	850,000	2.65
850,000	1,000,000	3.15
1,000,000*		3.40

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

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

- A fee of 1% is imposed on Class 4A "commercial properties" for an entire consideration in excess of $1 million as well as the classes already incurring the 1% fee.

- The 1% fee does not apply if real property transfer is incidental to a corporate merger or acquisition and the equalized assessed value of the real property transferred is less than 20% of the total value of all assets exchanged in the merger or acquisition.
- Buyers (grantees) in deeds involving Class 4A sales recorded on or before November 15, 2006, that were transferred pursuant to a contract fully executed before July 1, 2006, who remit the 1% fee shall have it refunded by filing a Claim for Refund with the Division within one year following the recording date of the deed.
- Affidavit of Consideration for Use by Seller (Form RTF-1) is required for all Class 4 property deed recordings.
- A fee of 1% is imposed on nondeed transfers of a controlling interest in an entity which possesses, directly or indirectly, a controlling interest in classified real property, payable to the Director, by the purchaser of the controlling interest.

Disposition of Revenues

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

Standard (no exemption)

Total Consideration Not Over $350,000

Consideration *over*	Consideration *but not over*	County Treasurer[1]	State Treasurer[2]	New Jersey AHTF
$ 0	$ 150,000	$ 0.75	$ 1.25	$0.00
150,000	200,000	0.75	1.85	0.75
200,000	350,000	0.75	2.40	0.75

Total Consideration Over $350,000

Consideration *over*	Consideration *but not over*	County Treasurer[1]	State Treasurer[2]	New Jersey AHTF
$ 0	$ 150,000	$ 0.75	$ 2.15	$ 0.00
150,000	200,000	0.75	2.75	0.75
200,000	550,000	0.75	3.30	0.75
550,000	850,000	0.75	3.80	0.75
850,000	1,000,000	0.75	4.30	0.75
1,000,000		0.75	4.55	0.75

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

Total Consideration Not Over $350,000

Consideration *over*	Consideration *but not over*	County Treasurer	State Treasurer	New Jersey AHTF
$ 0	$ 150,000	$ 0.50	$ 0.00	$ 0.00
150,000	350,000	0.50	0	0.75

Total Consideration Over $350,000

Consideration *over*	Consideration *but not over*	County Treasurer	State Treasurer[3]	New Jersey AHTF
$ 0	$ 150,000	$ 0.50	$ 0.90	$ 0.00
150,000	550,000	0.50	0.90	0.75
550,000	850,000	0.50	1.40	0.75
850,000	1,000,000	0.50	1.90	0.75
1,000,000		0.50	2.15	0.75

New Construction

Total Consideration Not Over $350,000

Consideration *over*	Consideration *but not over*	County Treasurer[1]	State Treasurer[2]	New Jersey AHTF
$ 0	$ 150,000	$ 0.75	$ 1.00[3]	$ 0.25
150,000	200,000	0.75	0.60	2.00
200,000	350,000	0.75	1.15	2.00

Total Consideration Over $350,000

Consideration *over*	Consideration *but not over*	County Treasurer[1]	State Treasurer[2]	New Jersey AHTF
$ 0	$ 150,000	$ 0.75	$ 1.90	$ 0.25
150,000	200,000	0.75	1.50	2.00
200,000	550,000	0.75	2.05	2.00
550,000	850,000	0.75	2.55	2.00
850,000	1,000,000	0.75	3.05	2.00
1,000,000		0.75	3.30	2.00

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

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

Extraordinary Aid Account

Standard Transactions	
Not over $150,000	$ 0
Over $150,000 but not over $200,000	0.60
Over $200,000	1.15
New Construction	
Not over $150,000	$ 1.00
Over $150,000 but not over $200,000	0.60
Over $200,000	1.15

State General Fund

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

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

[3] Entire amount is deposited into the State General Fund.

The proceeds of the Realty Transfer Fees collected by the county recording officer are accounted for and remitted to the county treasurer. In Fiscal Year 2010, a total of $138,663,041 was paid to the State Treasurer in Realty Transfer Fees and deposited into the State General Fund.

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

In Fiscal Year 2010, $31,616,070 was paid to the State Treasurer and credited to the New Jersey Affordable Housing Trust Fund.

A "supplemental fee" is allocated between the county Public Health Priority Fund and the State Extraordinary Aid Account. In Fiscal Year 2010, the Extraordinary Aid Account received $34,537,886.

Recycling Tax

Description

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

Rate

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

Disposition of Revenues

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

Sales and Use Tax

Description

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

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

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

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

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

Rate
The rate of tax is 7% on taxable sales.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

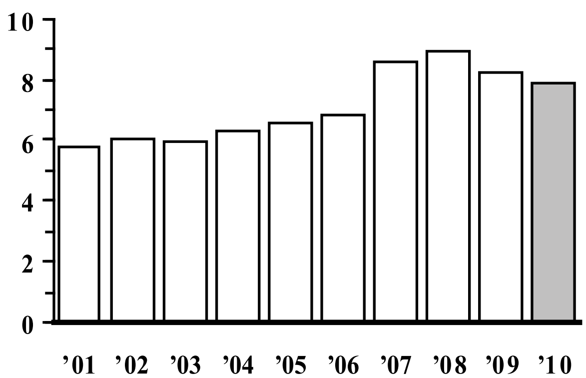
P.L. 2007, C. 105, effective July 1, 2007, carves out certain exceptions to two new impositions of tax that were part of the expansion of Sales and Use Tax. The Act amends N.J.S.A. 54:32B-3(h), which imposes tax on fees and dues for use of the facilities of health and fitness, athletic, sporting, and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

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

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

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

Sales and Use Tax Collections (In Billions)



Fiscal Year	Collections
2001	$5,758,670,303
2002	5,996,839,407
2003	5,936,057,141
2004	6,261,700,380
2005	6,552,199,925
2006	6,853,417,869
2007	8,609,639,460[1]
2008	8,915,515,422
2009	8,264,162,457
2010	**7,898,166,015**

[1]Rate increased to 7% effective July 15, 2006.

Urban Enterprise Zones

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

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

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

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

- Corporation Business Tax credits for hiring new employees;
- Sales and Use Tax exemption for purchases of building materials, most tangible personal property, and most services for business use;

- Unemployment tax rebates;
- Authorization to impose State sales tax at 50% of the regular rate.

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

Sales Tax Benefits
A vendor within an Urban Enterprise Zone or Urban Enterprise Zone-impacted business district wishing to collect sales tax at the reduced rate must first be certified as a "qualified business," and then apply to the Division of Taxation for authority to collect tax at the reduced rate. No business may collect sales tax at the reduced rate without the proper certification. The certification is valid for one year. Recertification is automatic unless the business changes or loses its qualified status.

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

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

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

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

P.L. 2006, C. 34, effective July 15, 2006, amended the Urban Enterprise Zones Act to require that to qualify as a UEZ business an applicant must meet all outstanding tax obligations. The law also requires that UEZ qualified businesses having annual gross receipts of $1,000,000 or more obtain exemption from Sales and Use Tax on purchases by filing a claim for refund of tax, rather than by using a point-of-purchase exemption certificate.

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

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

Savings Institution Tax

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

Excluded from tax are:

(1) 100% of dividends of an owned and qualified subsidiary; and

(2) 50% of other dividends included in taxable income for Federal tax purposes.

Rate
The Savings Institution Tax was repealed applicable to privilege periods or taxable years beginning after 2001

(Chapter 40, P.L. 2002). Previously, the tax was imposed at the rate of 3% of net income.

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

Solid Waste Services Tax

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

Spill Compensation and Control Tax

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

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

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

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

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

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

Tobacco Products Wholesale Sales and Use Tax

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

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

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

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

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

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

Disposition of Revenues

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

Transfer Inheritance and Estate Taxes

Description

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

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

Rate

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

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

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

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

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

Exemptions From Transfer Inheritance Tax

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

Disposition of Revenues

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

History

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

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

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

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

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

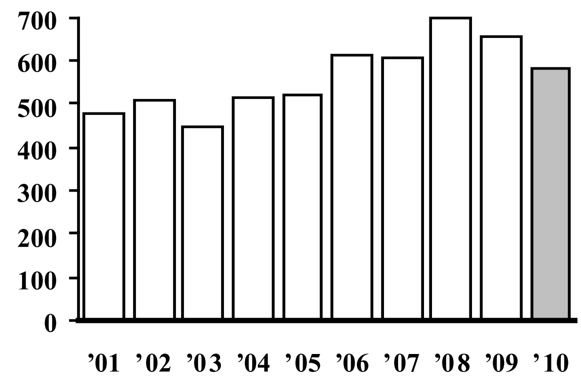
P.L. 2003, C. 246, the Domestic Partnership Act, recognized domestic partnerships and provided certain rights and benefits to individuals participating in them. The Act made significant changes to the New Jersey Inheritance Tax for individuals dying on or after July 10, 2004. Transfers made to a surviving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

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

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

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

Transfer Inheritance and Estate Tax Collections (In Millions)



Fiscal Year	Collections
2001	$478,061,055
2002	510,367,419
2003	445,310,855
2004	516,007,975
2005	520,775,959
2006	610,847,697
2007	604,700,439
2008	698,694,013
2009	653,439,759
2010	**581,624,419**

Transitional Energy Facility Assessment

Description

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

Administration

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

Rate

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

Disposition of Revenues

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

Uniform Transitional Utility Assessment

Description

The Uniform Transitional Utility Assessment is assessed against public utilities engaged in the sale and/or transmission of energy (therms of natural gas or kilowatt-hours of electricity) which were subject to the Public Utility Energy Unit Tax prior to January 1, 1998, and against telecommunication providers previously subject to the Public Utility Franchise and Gross Receipts Tax assessed under C. 4, P.L. 1940.

Administration

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

Rate

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

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

Disposition of Revenues

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

New Jersey Division of Taxation

LEGISLATION AND COURT DECISIONS

LEGISLATION

Alcoholic Beverage Tax

P.L. 2010, C. 14 — Renewal of Lapsed Alcoholic Beverage Retail Licenses
Enacted May 6, 2010, and effective immediately, extends the time period for renewal of lapsed alcoholic beverage retail licenses by permitting an issuing authority to issue a new retail license to a licensee who did not file a timely renewal application but files an application for a new license within one year after the expiration of the license renewal period. New license issuance is permissible subject to certain determinations by the Director of the Division of Alcoholic Beverage Control. The licensee would be required to pay the municipal and State renewal fees for the year for which a timely renewal application was not filed.

The licensee must file the request no later than one year after the expiration of the license renewal period for the license which was not renewed in a timely manner. A filing fee of $100 is payable to the Director for each license term.

A new license issued pursuant to this bill would be assigned the same license number as the lapsed license.

The Act establishes a grandfather clause for those licensees whose licenses expired within the five-year period immediately preceding the date of this law's enactment if the licensee applies for the new license within six months of the effective date of the new law and pays the municipal and State renewal fees for each year for which a timely renewal application was not filed.

Corporation Business Tax

P.L. 2010, C. 20 — Temporary Reduction of the Tax Benefit Certificate Transfer Program and the Film and Digital Media Tax Credits
Enacted June 30, 2010, and effective immediately, temporarily reduces the annual cap imposed on the corporation business tax benefit certificate transfer program available to certain technology and biotechnology companies. It also temporarily suspends the tax credits provided for qualified film and qualified digital media content production expenses under the corporation business tax and gross income tax.

The new law reduces the annual cap imposed on the corporation business tax benefit certificate transfer program for new or expanding emerging technology and biotechnology companies in New Jersey from the current $60 million-per-year limitation to $30 million in fiscal year 2011.

It proportionally reduces the current set-aside for innovation zone-located companies under the program from $10 million per year to $5 million during the same period of time. The change in the annual limitation and the modification to the set-aside apply to the surrender of transferable tax benefits in fiscal year 2011.

The Act also temporarily suspends the corporation business tax and gross income tax credits for qualified film production expenses and the corporation business tax credit for qualified digital media content production expenses by effectively reducing the existing annual tax credit caps from $10 million per year for film and $5 million per year for digital media content to $0 for film and digital media content in fiscal year 2011. The law provides that the temporary suspension of tax credits applies to the authorization of new credits and the application of previously authorized credits in the upcoming fiscal year. It does not affect the carryover of unused film and digital media tax credits previously allowed or which may be allowed following the suspension.

Finally, the Act requires the State Treasurer to prepare and file a report regarding the effectiveness of the tax benefit certificate transfer program and the film and digital media tax credits in meeting their statutory goals and objectives.

Gross Income Tax

P.L. 2009, C. 124 — Checkoff for Community Food Pantry Fund and Cat and Dog Spay/Neuter Fund
Enacted September 8, 2009, effective immediately, and applicable to taxable years beginning on or after January 1, 2010, establishes the Community Food Pantry Fund and the Cat and Dog Spay/Neuter Fund. It gives New Jersey taxpayers the opportunity to make voluntary contributions on their tax returns in support of community food pantries and for pet spaying and neutering.

P.L. 2009, C. 172 — New Jersey Lung Cancer Research Fund
Enacted January 11, 2010, establishes the New Jersey Lung Cancer Research Fund and allows voluntary contributions to the fund by taxpayers on State gross income tax returns. Monies in the fund will be appropriated annually to the State Commission on Cancer Research.

This charitable check-off will be available to taxpayers wishing to donate to the fund for tax year 2011 and thereafter.

P.L. 2009, C. 194 — Employer Licenses can be Suspended or Revoked for Repeated Violations of State Wage, Benefit, and Tax Laws
Enacted January 14, 2010, and effective on the 180th day after enactment, this law significantly expands the powers of the Commissioner of the Department of Labor and Workforce Development, allowing the suspension or revocation of certain licenses held by employers for failure to adhere to State wage, benefit, and tax laws, including violations of the New Jersey Gross Income Tax Act (N.J.S.A. 54A:1-1 et seq.). The Act defines "license" to mean any agency permit, certificate, approval, registration, charter, or similar form of authorization that is required by law and that is issued by any agency for the purposes of operating a business in this State.

In addition, the new law provides that the Commissioner may suspend or revoke the licenses of clients of employee leasing companies.

P.L. 2010, C. 20 — Temporary Reduction of the Tax Benefit Certificate Transfer Program and the Film and Digital Media Tax Credits
See Corporation Business Tax.

P.L. 2010, C. 27 — Reduction in Earned Income Tax Credit
Enacted June 30, 2010, and effective immediately, applies to taxable years beginning on or after January 1, 2010. Commencing with tax year 2010 and thereafter, the Act reduces the benefit amount provided under the New Jersey earned income tax credit (EITC) program as a percentage of the Federal earned income credit. Previously, the EITC program provided a refundable credit for New Jersey income tax purposes equal to 25% of the Federal earned income credit. The new law reduces the New Jersey credit to 20% of the Federal benefit.

Local Property Tax

P.L. 2009, C. 118 — Gloucester County Property Assessment Pilot Program
Enacted October 1, 2009, and effective immediately, establishes a pilot program in Gloucester County for the transfer of the municipal property assessment function to a county assessor. This Act requires the appointment of a county assessor over a three-year period. In addition, transfer of the assessment function requires the revaluation of all municipalities within the county to ensure uniformity of assessment throughout the countywide assessment district.

The Act requires the Local Unit Alignment, Reorganization, and Consolidation Commission to study this pilot program and, in consultation with the Director of the Division of Taxation, issue a report no later than February 1 of the sixth year of the pilot program.

Hiring preference criteria are provided with regard to deputy assessor positions from the ranks of currently serving municipal tax assessors or deputy tax assessors.

All current or pending assessment and abatement programs and agreements under the Long Term Tax Exemption Law, P.L. 1991, C. 431 (N.J.S.A. 40A:20-1 et seq.), and the Five-Year Exemption and Abatement Law, P.L. 1991, C. 441 (N.J.S.A. 40A:21-1 et seq.), remain in effect in the pilot county.

P.L. 2009, C. 213 — Farmland Assessment Act Provides Preferential Treatment for Biomass, Solar, or Wind Energy Generation Facilities
Enacted January 16, 2010, and effective immediately; however, the provisions governing application for consideration for farmland assessment treatment are effective for tax years commencing after the date of enactment. The Act supplements P.L. 1964, C. 48 (N.J.S.A. 54:4-23.1 et seq.), the Farmland Assessment Act. This law allows any person who owns preserved farmland to construct, install, and operate biomass, solar, or wind energy generation facilities, structures, and equipment on the farm to generate power or heat and to make improvements to any agricultural, horticultural, residential, or other building or structure on the land for that purpose.

These uses now qualify for the preferential tax treatment provided under the Farmland Assessment Act.

P.L. 2009, C. 251 — Reassessment of Certain Real Property by Assessor and Appeal of Assessment by Certain Property Taxpayers
Enacted January 16, 2010, and effective immediately, eliminates parts of the notice and approval requirements that a tax assessor must satisfy. The Act increases the statutory threshold for bringing a property tax appeal directly to Tax Court from an assessed value of $750,000 to an assessed value of at least $1,000,000. The Act would also modify the reporting requirements and criteria the assessor must provide to the Division of Taxation and eliminates the 45-day time frame by which the County Board of Taxation or the Division of Taxation must approve the compliance plan.

P.L. 2009, C. 256 — Forest Stewardship Plan
Enacted January 17, 2010. This Act directs the Department of Environmental Protection (DEP) to establish a forest stewardship program for owners of forest land. The Act further directs the DEP to establish a forest certification program and a cost share incentive program, to be known as the New Jersey Forest Stewardship Incentive Program.

The Act limits local government's ability to enact any ordinance, rule, or resolution as appropriate that conflicts with, prevents, or impedes the implementation of a forest stewardship plan. Also, the Farmland Assessment Act of 1964 is now expanded to provide differential property tax assessment to owners of forest land who implement an approved forest stewardship plan.

Miscellaneous

P.L. 2009, C. 90 — The New Jersey Economic Stimulus Act of 2009
Enacted July 28, 2009, became effective immediately with the exception of sections 9 and 11, which became effective on October 1, 2009. This was an omnibus bill, consisting of eight actions, designed to reinvigorate New Jersey's economy. There are numerous technical and administrative changes in this Act; six of which affect the Division of Taxation. The Act provides the following:

1. An Economic Redevelopment and Growth Grant Program;
2. Authorization for certain municipalities to impose special taxes and surcharges to fund redevelopment activities and certain programs;
3. Modifications to the current Emerging and Biotechnology Credit Transfer Program;
4. Expansion of eligibility and tax credit limits under the Urban Transit Hub Tax Credit Act (UTHTCA);
5. Relief to certain developers otherwise subject to the Statewide Non-Residential Fee Act and grants to municipalities for affordable housing;
6. Sales tax exemption on the receipts for the use of energy by certain postconsumer material manufacturing facilities.

P.L. 2009, C. 120 — Expansion of Neighborhood Revitalization State Tax Credit
Enacted August 18, 2009, and effective immediately, extends the Neighborhood Revitalization State Tax Credit Program eligibility to areas that are adjacent to current qualifying neighborhoods and that share similar socioeconomic characteristics with those eligible neighborhoods. The eligible neighborhoods qualified due to receipt of aid under the Special Municipal Aid Act or because they were coextensive with an Abbott district as designated pursuant to the Comprehensive Educational Improvement and Financing Act of 1996. This Act permits tax credits to businesses located in a depressed neighborhood bordering a municipality that is currently eligible to participate in the program. The cap of $10 million remains the same.

P.L. 2009, C. 189 — State Tax Expenditure Report
Enacted January 13, 2010, requires that the Governor's annual budget message include a State tax expenditure report.

State tax "expenditure" means those revenue losses attributable to provisions of State tax law which establish special tax treatment, including but not limited to tax law definition, deduction, exclusion, exemption, deferral, credit, preferential tax rate, or other special tax provision resulting in a reduced tax liability for certain persons, individuals, types of income, transactions, or property from the liability which would be presumed to exist without the State tax expenditure.

The Division of Taxation is required to advise and assist the Governor in the preparation of the State tax expenditure report.

P.L. 2009, C. 315 — Proof of Business Registration Changes and Bid Language Requirements
Enacted January 18, 2010, and effective immediately, requires the Department of the Treasury to provide each contracting agency with appropriate language reflecting the obligations of contractors and subcontractors to be

included in any contract document, bid specification, request for proposal, or other documents notifying potential contractors of contract opportunities with a contracting agency.

This law revises the requirement for a bidder to provide proof of business registration to a local contracting agency prior to the awarding of a contract, purchase order, or other contracting document. At the sole option of the contracting agency, the bidder may provide proof by presenting sufficient information for the contracting agency to verify registration of the bidder, or that of listed subcontractors, through a computerized system maintained by the State.

P.L. 2010, C. 10 — Modification to the New Jersey Economic Stimulus Act of 2009
Enacted May 5, 2010, and effective immediately; however, section 1 and sections 3 through 9 are retroactive to July 28, 2009 (the date of enactment of P.L. 2009, C. 90, the New Jersey Economic Stimulus Act of 2009), and section 2 applies to applications submitted for the 2010 technology business tax certificate transfer program. The Act modifies provisions of P.L. 2009, C. 90.

The Act revises the definition of "biotechnology company" to clarify that only a company sufficiently involved in biotechnology may participate in the program. Eligible companies must have fewer than 225 employees in the United States as of June 30 and as of the date of the exchange of the tax benefit certificate. Additional employee thresholds must also be met.

The Act added to the definition of "qualifying economic redevelopment and growth grant incentive area" in section 3 of P.L. 2009, C. 90 (C. 52:27D-489c). It means Planning Area One (Metropolitan), Planning Area Two (Suburban), or a center as designated by the State Planning Commission; a pinelands regional growth area, a pinelands town management area, a pinelands village, or a military and Federal installation area established pursuant to the pinelands comprehensive management plan adopted pursuant to P.L. 1979, C. 111 (C.13:18A-1 et seq.); a transit village, as determined by the Commissioner of Transportation; and Federally owned land approved for closure under a Federal Base Realignment Closing Commission Action.

The Act also ensures that ordinances that are authorized to be adopted pursuant to the New Jersey Economic Stimulus Act of 2009 (which would include those required under the Economic Redevelopment and Growth Grant Program provisions) will not be subject to delays from public referendum challenges in those municipalities in which general initiative and referendum is authorized.

The statutes contain other provisions to ensure that certain types of ordinances are not subject to public changes through initiative and referendum and ordinances adopted for the purpose of providing economic stimulus require swift implementation and should not be impeded through the referendum process.

Motor Fuel Tax

P.L. 2010, C. 22 — Motor Fuel Tax Act
Enacted June 30, 2010, and effective immediately; however, sections 1 through 21, 29 through 49, and 53 through 56 will remain inoperative until October 1, 2010. The Act modernizes the system for assessing the taxes on highway motor vehicles. Those taxes are principally dedicated by the New Jersey Constitution to the costs of the State transportation system.

The law changes the point of taxation of diesel fuel from the retail level to the level at which it is removed from the bulk fuel storage and distribution system of refineries, pipelines, ships, and barges at a terminal. It also changes the point of taxation of gasoline from the distributor level to the terminal level.

The Act includes requirements for transporting and labeling dyed fuel, and penalties for mishandling dyed (tax-exempt) fuel and for using dyed fuel in highway vehicles. The law also authorizes the co-collection of petroleum products gross receipts tax with the motor fuel taxes when feasible.

Property Tax Relief Programs

P.L. 2009, C. 129 — Revision of Eligibility Requirements for Property Tax Reimbursement (Senior Freeze)
Enacted December 17, 2010, and effective for applications filed for tax year 2010 and after, revises the criteria for eligibility for the property tax reimbursement (Senior Freeze) to allow those residents who had previously applied and were eligible for a reimbursement to resume eligibility following a move to a new home in New Jersey for the second full tax year they occupied the new home. For these claimants, the "base year" will be the first full tax year they occupied the new home.

Sales and Use Tax

P.L. 2009, C. 240 — Natural Gas and Utility Service Used For Cogeneration

Enacted January 16, 2010, and effective immediately, clarifies the meaning of "contiguous property" for the purposes of Section 26 of the Sales and Use Tax Act, P.L. 1997, C. 162 (N.J.S.A. 54:32B-8.46). This new law removes certain limitations on the exemption from the tax imposed under the Sales and Use Tax Act for natural gas and utility service used for cogeneration.

COURT DECISIONS

Administration

Notification
Damon Dash v. Director, Division of Taxation, decided April 6, 2010; Docket No. 015538-2009. Judge Narayanan granted the Director's motion to dismiss the complaint.

Damon Dash maintained that the assessment underlying the Certificate of Debt (COD) should be reviewed by the Court because his accountant and tax preparer never forwarded him the Director's assessment notices.

Judge Narayanan stated:

> Even if Dash's assertion of the accountant's failure to forward him the Notices of Deficiency is true, this unfortunate circumstance was not caused by, and thus, cannot be attributed to the Director. The Director reasonably, and as permitted by the statute, used Dash's last known address on his last filed GIT return to mail the notices of deficiency, which address was that of Dash's tax preparer. Unless notified or directed otherwise, the Director cannot speculate or envision a breakdown in business/professional relations or lack of communications between Dash and his accountant, and be therefore required to investigate Dash's address each time before mailing the Notices of Deficiency. Nothing was provided to the court to establish that the Director was given specific instructions/notice either to not use the accountant's address or to use some other address.
>
> The court cannot undo the assessment underlying the COD docketed for tax years 2000-2002. See R. 8:3-5(b)(2), (a "challenge to a tax assessment" contained in the COD "may be reviewed [by the Tax Court] only if the applicable period for filing a complaint to challenge this assessment had not previously expired"). See also, *Kowasaki v. Director, Division of Taxation,* 13 N.J. Tax 160 (Tax 1993) (noting that the COD is a collection mechanism only, and does not provide an independent basis to challenge the Director's tax assessment if the time for such challenge has expired).

Corporation Business Tax

Subjectivity/Nexus
GSJ Corporation and Peter Polites v. Director, Division of Taxation; Docket No. 007680-2004. The Court upheld the Director's denial of the S corporation's refund claim for corporation business tax (CBT) and affirmed the Director's assessment of personal income tax against the individual, Peter Polites, because the plaintiff's contentions were based on the president of the company's self-serving testimony and not supported by any documentary evidence that was definite, positive, and certain in quantity and quality to overcome the Division's presumption of correctness.

The Court held that GSJ did not maintain a regular place of business in a room of its president's residential apartment in Pennsylvania because GSJ did not provide documentary evidence that showed GSJ's direct responsibility for the expenses, it was not identifiable as an office of GSJ, and the alleged home office was not regularly occupied when the president was not there. Therefore, the Court concluded that it did not matter whether the income was determined to be operational as all the income was allocated to New Jersey under Section 6; however, the Court noted that even if the income was determined to be nonoperational, the income should be assigned to New Jersey because all GSJ's business occurred in New Jersey. Finally, the Court denied GSJ's request for Section 8 relief stating that there was no documentary evidence that GSJ ever filed any income tax report or return in another state.

As to the personal income tax assessed against the plaintiff, the Court held that the income earned from a settlement and arbitration award was sourced to New Jersey and therefore taxable to Polites, a nonresident of New Jersey. Plaintiff failed to provide any cogent evidence to support his contentions.

Section 338(h)(10) Election
McKesson Water Products Company v. Director, Division of Taxation, decided July 16, 2009; Docket No. A-5423-06T3. The Appellate Division upheld the Tax Court ruling that the gain derived on a deemed asset sale pursuant to a Section 338(h)(10) election is not subject to corporation business tax because it is not operational income as defined under N.J.S.A. 54:10A-6.1(a).

Regular Place of Business
BIS LP, Inc. v. Director, Division of Taxation, decided July 30, 2009; Docket No. 007847-2007. BIS LP was a wholly-owned subsidiary of BISYS, Inc. BISYS, Inc.

and BIS LP entered into a limited partnership agreement whereby BISYS, Inc. became a 1% general partner and BIS LP was a 99% limited partner of Solutions. BIS LP did not have the right or obligation to participate directly or indirectly in the active management of Solutions. BIS LP's sole interest in New Jersey was its limited partnership interest in Solutions, which is in the data processing business. It did not have any place of business, property, employees, agents, or representatives in New Jersey.

BIS LP filed a 2003 corporation business tax return on which it elected to be treated as an investment company because it qualified with its limited partnership interest in Solutions. Audit denied the investment company status on the basis that BIS LP did not have a qualifying asset. Additionally, the auditor found that BIS LP had a unitary relationship with the business conducted by Solutions and provided BIS LP with enough constitutional presence in New Jersey to be subject to tax.

The Court reviewed the statutes and regulations. In 2006 there was a regulatory amendment that stated that qualified investment assets do not include the direct investment in a non-publicly traded pass-through entity, if that entity would not satisfy the definition of an investment company had it been organized as a corporation. Prior to the amendment, there was no language in the statutes or regulations that suggested that an interest in a limited partnership could *not* be considered as a qualifying asset for purposes of the investment company election.

The Court held that BIS LP's 2003 limited partnership interest in Solutions was an investment contract and therefore would be considered another security, and thus a qualifying asset, prior to the 2006 amendment. The Court stated that there was no language in the statutes or regulations which would have disqualified the limited partnership interest from qualifying as another security in 2003. Additionally, the Court refused to allow retroactive application of the regulation as that would be unfair to taxpayers.

Moreover, the Court also held that BIS LP was not subject to corporation business tax in 2003, noting that BIS LP and Solutions were separate entities and that BIS LP received 100% of its income from its limited partnership interest in Solutions. BIS LP is a holding company that was a passive investor and not in the same line of business as Solutions. The Court stated this situation was akin to the Division's regulation, N.J.A.C. 18:7-7.6, example IV. Therefore, BIS LP and Solutions were not integrally related.

Nexus and Software License
AccuZIP, Inc. v. Director, Division of Taxation; Quark, Inc. v. Director, Division of Taxation, decided August 13, 2009; Tax Court Nos. 005744-2003 and 004692-2002. The Division determined that both plaintiffs were subject to corporation business tax (CBT) because they retained title to licensed software where the license was sold, used, and located in New Jersey. For example, Quark's license stated that a customer did not receive title to the software but rather was granted a nonexclusive license to use the software subject to terms and restrictions.

The Tax Court ruled that neither plaintiff was subject to CBT due to the sale of software. The Court found that the property at issue was tangible and not intangible, citing the Sales and Use Tax Act, as well as Federal law which states that prewritten computer software is considered tangible property even though it is characterized as a licensing agreement. Therefore, the buyer acquires ownership of the physical property containing the intellectual property for its own use. The Court reasoned that to find that the plaintiffs owned property in New Jersey would lead to illogical results.

The Court distinguished the *Lanco* ruling emphasizing that the Court gave great weight to the fact that *Lanco* was licensing intangible property, that income (royalty payments or licensing fees) was generated in New Jersey from the use of intangible property, and that holding companies were involved for the purpose of creating a tax benefit.

As to the Division's alternative nexus arguments, the Court refused to adopt the significant economic presence test (as applied in the West Virginia case concerning MBNA) noting that it was not adopted by New Jersey and therefore was not binding. As to economic benefit, the Court found that although the plaintiffs may receive a slight benefit from the New Jersey judicial system, that alone is not a substantial economic benefit that would satisfy the substantial nexus requirement.

In conclusion, the Court held that AccuZIP was not subject to CBT because it did not meet the substantial nexus requirement of the Commerce Clause as it was not doing business in New Jersey. On the other hand, Quark was found to be doing business in New Jersey because of the activities of its one sales representative; however, those activities were protected by P.L. 86-272 and Quark was therefore only subject to the minimum tax.

Nexus: Doing Business
Praxair Technology, Inc. v. Director, Division of Taxation, decided December 15, 2009; (A-91/92-08). In a unanimous decision, the New Jersey Supreme Court reversed the Appellate Division, holding that an out-of-State taxpayer was subject to New Jersey's corporation business tax for the years 1994–1996, prior to the 1996 addition of an example to the regulation at N.J.A.C. 18:7-19.

Plaintiff Praxair Technology, Inc. (Praxair) is a Delaware corporation based in Connecticut that exists solely to own and license patents to corporate affiliates. Praxair's corporate parent manufactures and sells industrial gases throughout the United States, including New Jersey. From 1994 through 1999, Praxair's parent used Praxair's intellectual property in its New Jersey manufacturing facilities and paid licensing fees to Praxair for that use. During that period, Praxair did not file New Jersey corporation business tax returns or pay any New Jersey corporation business taxes.

The Director issued a notice of assessment to Praxair finding it subject to corporation business tax for the years 1994–1999, together with interest and late filing penalties. Following the completion of the informal administrative conference, the Director issued Praxair a final determination upholding the initial notice of assessment for corporation business tax and imposing additional interest and penalties.

One of the issues before the Tax Court was the assessment of corporation business tax for the years 1994–1996, under N.J.S.A. 54:10A-1, in light of the 1996 addition of an example to N.J.A.C. 18:7-19. The 1996 example stated that a foreign corporation that receives fees for licensing trademarks to New Jersey companies for use in New Jersey is subject to the corporation business tax. Praxair argued that the example expanded the Director's taxing power while the Director argued that the example represented no change in tax policy or obligations. The Tax Court rejected Praxair's claim that the Director's adoption of the 1996 example to N.J.A.C. 18:7-19 expanded the Director's taxing power and found Praxair liable for the corporation business tax.

Praxair appealed and the Appellate Division reversed. The panel found that the Tax Court erred in deciding Praxair's pre-1996 tax liability because it had given insufficient regard to the impact of the 1996 changes to the regulation.

The Director's petition for certification was granted by the Supreme Court along with Praxair's cross-petition. In reversing the Appellate Division's decision, the Supreme Court held that both Praxair's argument and the Appellate Division's reasoning were premised on an incorrect assumption that tax liability can somehow flow from the adoption of or amendment to a regulation. Praxair's activities were sufficient to constitute doing business in New Jersey for corporation business tax purposes both before and after the example was added.

Note: This matter has been remanded to the Appellate Division for review of plaintiff's challenges to the imposition of the late filing and post-tax amnesty penalties under N.J.S.A. 54:49-4 and N.J.S.A. 54:53-18(b), respectively.

IRS Adjustment
General Motors Acceptance Corporation v. Director, Division of Taxation, decided February 18, 2010; Docket No. 010743-2007. On September 14, 2001, General Motors Acceptance Corporation (GMAC) filed its 2000 corporation business tax return. On the return, GMAC reported a 50% dividend exclusion for dividends attributable to its subsidiary, Opel.

The Internal Revenue Service audited GMAC's 2000 return and assessed income adjustments. On November 7, 2005, GMAC timely submitted to the Division of Taxation its report of the Federal audit which increased its New Jersey tax liability. In addition to the Federal audit report, GMAC also submitted that it was entitled to a 100% dividends received exclusion from Opel rather than the 50% exclusion it originally reported. Essentially, GMAC realized that it erred when it originally filed because its percentage of ownership of Opel qualified for a 100% dividend exclusion rather than a 50% exclusion.

The Division denied the request for 100% dividend exclusion because both the statute of limitations had expired and GMAC was not entitled to an offset on this assessment resulting from the Federal audit change.

Judge Bianco concluded:

> GMAC is only entitled to an offset during 'the time in which a deficiency assessment of that tax may be made.' N.J.S.A. 54:49-16(b). GMAC is not entitled to an offset because either the Director's ability to make a deficiency assessment is barred by N.J.S.A. 54:49-6(b) or GMAC's claim does not relate to a change or correction by the Commissioner, as required by N.J.S.A. 54:10A-13. Nor is GMAC entitled to an offset under the doctrine of recoupment because there were two taxable events.

Nexus
Telebright Corporation, Inc. v. Director, Division of Taxation, decided March 24, 2010; Docket No. 011066-2008. Telebright Corporation, Inc., is a software company hav-

ing its principal place of business in Maryland. It does not maintain an office nor does it solicit sales in New Jersey.

In 2001, Telebright hired Ms. Thirumalai to develop and write software code. At the time, Ms. Thirumalai lived in Maryland. In 2004, she moved to New Jersey and Telebright retained her as a salaried employee, where she worked from home. Telebright withheld and remitted New Jersey gross income tax from her salary. Ms. Thirumalai received and performed her work assignments at her New Jersey home via computer and telephone.

The Court concluded that a "foreign corporation that regularly and consistently permits its employee to work each business day at a New Jersey residence is doing business in this State and must file Corporation Business Tax returns." The Court found that Telebright satisfied factors one, three, and four of the "doing business" regulation N.J.A.C. 18:7-1.9(a). Further, the Court found that Telebright's constitutional claims were unavailing.

Gross Income Tax

Credit for Taxes Paid to Other Jurisdictions
Mannino, Philip & Joanne v. Director, Division of Taxation, decided July 8, 2009; Docket No. 009142-2007. This case essentially confirmed or denied whether *Mannino* rose to the level of a previously decided case, *Allen v. Director, Division of Taxation,* 14 N.J. Tax 385 (1994), aff'd, 15 N.J. Tax 704 (App. Div. 1996). In *Allen*, the taxpayer had a capital loss that was deductible in New Jersey but not in New York and a loss from rental property deductible in New York that was not deductible in New Jersey. The Court held that reducing the credit numerator by both categories of income would result in double taxation. Therefore, the taxpayer was only required to reduce his credit numerator by the greater of the two amounts.

In the *Mannino* case, the taxpayer had partnership expenses that were deductible in New Jersey and not in California and partnership expenses deductible in California that were not deductible in New Jersey.

The Tax Court ruled that "the goal in offering a tax credit for taxes paid to other jurisdictions is to avoid double taxation of money taxed and actually paid to both New Jersey and a foreign jurisdiction." *Vassilidze v. Director, Division of Taxation,* 24 N.J. Tax 278, 290 (Tax 2008).

Judge Bianco compared the facts in *Mannino* with the facts in the *Allen* case:

> The *Allen* case states that both amounts would be subtracted from the numerator only if both amounts were deductible in both states. The Manninos' deductions are not deductible in both states and therefore cannot be deductible from the numerator.

Judge Bianco also stated that to reduce the credit numerator by the partnership expenses allowed by New Jersey and California would result in double taxation.

Deduction of Personal Expenses
Sitar, William and Margaret v. Director, Division of Taxation, decided August 4, 2009; Docket No. A-3323-07T1. The issue presented in this matter is the correctness of the methodology employed by the Division of Taxation in denying the deduction of personal expenses from the gain on the sale of land held purely for investment purposes. The plaintiffs, William and Margaret Sitar, asserted that since personal expenses (interest on a loan and property taxes) incurred in connection with the land they held for investment purposes were deductible Federally, but not for New Jersey purposes, then pursuant to *Koch*, the New Jersey gross income tax assessment denying a basis adjustment was invalid. The Division contended that land is not a depreciable asset and the plaintiffs' personal expenses of interest on the loans to purchase the property and pay yearly property taxes are not deductible and therefore the taxpayer's basis for the calculation on the sale of the land is the taxpayer's Federal adjusted basis under N.J.S.A. 54A:5-1(c). The taxpayers also asserted *Moroney v. Director, Division of Taxation; Denitzio v. Director, Division of Taxation,* 2005 N.J. Super LEXIS 83, (2005).

There is no statutory provision which allows and provides for the deductions claimed by the plaintiffs. Plaintiffs sold a piece of vacant land which was held by the plaintiffs in their individual capacity for investment purposes. No improvements were made on this land. Plaintiffs had borrowed money to purchase the property and thus had to pay interest on the personal loan. Plaintiffs paid property taxes on this property. This property was not income producing. For the 1998 tax year, plaintiffs filed their Federal 1040 income tax return, and on Schedule A they deducted interest paid on the loan to purchase the said property and the real estate taxes paid on the property in the amount of $1,710,158. These Schedule A expenses were personal expenses which were not related to taxpayers' being involved in a trade or business. In *Gilligan v. Director, Division of Taxation,* 11 N.J. Tax 414, (1991) such expenses are not deductible from the plaintiff's gross income.

Thus, the Division wrote in the final determination that the plaintiffs must use the Federal adjusted basis to compute gain from sale of the land in this case, and that the tax on the gain from the sale of land was not a tax on a return of capital nor a tax on fictitious, phantom income.

The New Jersey Superior Court, Appellate Division, in affirming the Tax Court stated:

> Finally, we reject plaintiffs' argument that the computation of the basis for purposes of the GIT is the same as that for federal income tax purposes. Plaintiffs' seek to "have it both ways" - to take a personal deduction for federal purposes and take the same expenses and capitalize them for purposes of the GIT. The disparate treatment of these expenses is what the GIT seeks to avoid. Nothing in *Koch* or *Moroney* suggests that such conduct is envisioned by the GIT.

Retroactive Application of Rate Change
Demuth v. Director, Division of Taxation, decided October 28, 2009; New Jersey Superior Court, Appellate Division. In June 2004, the New Jersey Legislature amended N.J.S.A. 54A:2-1 to increase the tax rate from 6.37% to 8.97% on gross income of $500,000 or more and retroactively applied the rate to January 1, 2004. In May 2004, Mr. Demuth made three separate stock sales that resulted in a net gain of $3,269,288.

Mr. Demuth filed his 2004 New Jersey gross income tax return in April of 2005 reporting the income from the stock sales and determined the tax at the new rate of 8.97%. In August 2006, Mr. Demuth amended his 2004 New Jersey gross income tax return. On the amended return, Mr. Demuth determined the tax on the stock transactions at the 6.37% rate. He believed that the new tax rate could not be retroactively applied and requested a refund. The refund was denied and the denial was upheld in Tax Court. Mr. Demuth relied on the New Jersey Supreme Court decision in *Oberhand v. Director, Division of Taxation, supra,* 193 N.J. at 573 citing "manifest injustice." The New Jersey Superior Court, Appellate Division, upheld the Tax Court decision and differentiated Mr. Demuth's case from *Oberhand* by stating:

> That matter involved decedents who had structured their estate plans on the basis of the tax law then in effect. Subsequently, the law changed in a manner which created a tax liability where previously none had existed. In *Oberhand*, no tax would have been due but for the amendment. Here, plaintiff's sales of this stock were always taxable events.

Statute of Limitations
Aboaba, Akintade and Daunis v. Director, Division of Taxation, decided November 6, 2009; Docket No. 002022-2009. The taxpayer was assessed for tax years 2004, 2005, and 2006 for under-reporting wage income.

Almost 219 days after the auditor had issued the notices of deficiency, the taxpayer filed a complaint in Tax Court.

Judge Hayser stated:

> It is well established that the law frowns upon those who sleep on their rights. Statutes of limitations are intended to run against those who are neglectful of their rights, and...fail to use reasonable and proper diligence in the enforcement thereof. The public policy considerations behind statutes of limitations are perhaps most pertinent to tax matters. This is because strict conformity with such statutory deadlines provides finality and predictability of revenue to state and local governments. Consequently, failure to file a timely appeal is a fatal jurisdictional defect, and if a plaintiff does not file within the requisite statutory period, that plaintiff is proscribed from an appeal in the Tax Court and from any judicial review of the Director's decision.

Judge Hayser concluded:

> When the taxpayers failed to file timely, the Division of Taxation was entitled to assume that its assessment was final. It is not within the court's power to relax the statutory time limitations of N.J.S.A. 54:49-18(a) or N.J.S.A. 54A:9-10. Even in the face of possible recalcitrance, denial of future consideration, or silence by the Division after April 2008, the taxpayers cannot be relieved of their duty to file a timely appeal in the Tax Court. Moreover, there is nothing in the record which would allow the court to toll the 90 day period to which these statutes apply.

Judge Hayser granted the Division's motion to dismiss.

Alimony Income
Goldrick, Nancy L. v. Director, Division of Taxation, decided November 10, 2009; New Jersey Supreme Court C-115 September Term 2009. On July 13, 2009, the Superior Court, Appellate Division, affirmed Judge Hayser's Tax Court decision, which granted the Division's summary judgment motion in this matter, stating:

> In any event, the issue in this appeal is not whether an agreement to pay alimony post-mortem would be enforceable, but rather whether the Director of the Division of Taxation can treat payments that the parties to a divorce have themselves characterized as "alimony" as alimony for tax purposes even though those payments are required to continue even if one of the parties dies. We are satisfied that it was well within the Director's broad discretionary authority in the administration of the Gross Income Tax Act to treat such payments as "alimony" within the intent of N.J.S.A. 54A:5-1(n).

On November 10, 2009, the New Jersey Supreme Court denied the plaintiff's petition for certification.

Deduction From Wages
Kit Ching Ng v. Director, Division of Taxation, decided March 22, 2010; Docket No. 000007-2009. Judge Narayanan granted the Director's summary judgment motion and dismissed the plaintiff's complaint.

Plaintiff, Ms.Ng, is a New Jersey resident. She is a registered securities representative. For tax year 2006, Ms. Ng was an employee of Morgan Stanley. On her New Jersey income tax return she reported an amount less than what was listed on the W-2 she received from Morgan Stanley.

In an explanation attached to her return, Ms.Ng stated that she deducted from her Morgan Stanley wages the amount of the annual consulting fee she had paid her former boss at Morgan Stanley. After her former boss retired, Ms. Ng took over and began managing her customer stock portfolio accounts in November 1999. Ms. Ng and the former boss had "reached an agreement" whereby she undertook to pay the former boss an annual consulting fee based on her gross commissions. According to Ms. Ng, this fee reduced her gross income as "an expense directly related to her earning of commissions," rather than an unreimbursed employee expense; therefore, she deducted the amount of the consulting fee from the wages reported on her income tax return.

Judge Narayanan opined:

> The Director's regulations reflect the above stated statutory scheme, in that income earned by an employee from his or her employment cannot be offset by any deductions. Thus, N.J.A.C. 18:35-1.2(a) states that an employee "shall not deduct from gross income any costs and expenses incurred in connection with such employment. N.J.A.C. 18:35-1.2(b) elaborates this principle by reiterating that "all earnings in connection with employment" including commissions, must be reported only under the wage income category (N.J.S.A. 54A:5-1(a)) and "in no case" can the same be reported as "net profits from business" under N.J.S.A. 54A:5-1(b).
>
> Ng does not contend that she is entitled to deduct the consulting fees paid to her former boss because she is engaged in an independent securities trading business (whether as a sole proprietor or otherwise). Rather, she seeks to deduct these fees from her commissions earned as an employee of Morgan Stanley. However, such a deduction is impermissible pursuant to N.J.S.A. 54A:5-1(a), the implementing regulations, and precedent in this connection.

Insurance Premiums Tax

Constitutionality
Horizon Blue Cross Blue Shield v. State of New Jersey, et al., decided December 15, 2009; Docket No. 007354-2005. This case involves the constitutionality surrounding the enactment of P.L. 2005, c.128, which amended the insurance premiums tax with respect to "Health Service Corporations."

Assembly Bill No. 4401 was signed into law July 2, 2005, after hearings and approval by the Legislature. A4401 amended N.J.S.A. 54:18A-6 only to remove Health Service Corporations from the preferential tax (cap) treatment of insurance premiums granted by statute. A4401 did not amend: (1) the filing or payment dates for insurance premiums tax (IPT) set forth in Title 54 or (2) the provisions of Title 54 governing taxpayer challenges to taxes; granting refunds to taxpayers, with interest; or staying collection action while a taxpayer's case is pending in our courts.

On July 6, 2005, less than one full week after A4401 was enacted, Horizon filed a complaint contesting the legislation on numerous constitutional grounds.

Horizon challenged the constitutionality of the Premium Tax Cap Statute as amended due to alleged violations of the Equal Protection Clause and Due Process Clauses of the Fourteenth Amendment of the United States Constitution, and Article 1, Section 1, of the Constitution of the State of New Jersey. Furthermore, Horizon felt they were being singled out by this legislation in further violation of the United States Constitution.

On December 15, 2009, the constitutionality of the Premium Tax Cap Statute as amended was upheld in an opinion by Judge Bianco, who stated:

> For the foregoing reasons the court finds the Premium Tax Cap Statute is constitutional as amended. The statute is reasonably related to a legitimate government purpose and there is a rational basis for A4401. Accordingly the Director's motion for summary judgment is granted and Horizon's motion for summary judgment is denied.

Horizon has filed an appeal.

Local Property Tax

Property Tax Exemption
Lighthouse Mission for Evangelism, Inc. v. Long Branch City. While plaintiff Lighthouse Mission was also involved in related Federal litigation concerning zoning use, the issue discussed here is whether the plaintiff was entitled to exemption from local property taxes under N.J.S.A. 54:4-3.6 for tax year 2005.

In order for property to be eligible for exemption under N.J.S.A. 54:4-3.6: (1) the entity claiming exemption must be organized exclusively for religious purposes, including religious worship, or charitable purposes; (2) the property must be actually used for the tax-exempt purpose; and (3) the property and the charitable or religious organization using the property may not be conducted for profit. See *Roman Catholic Archdiocese of Newark v. City of East Orange.* Additionally, the entity claiming exemption must own the property for which the exemption is claimed.

Long Branch alleged that the Lighthouse Mission's claim in the Federal litigation that it was not allowed to use said property as a church constitutes an admission that it is not qualified for the exemption based on religious use. Long Branch states that the Lighthouse Mission failed to satisfy a vast majority of elements required by N.J.S.A. 54:4-3.6. Long Branch reiterates that the property was not used for charitable purposes, but instead as a residence for Kevin Brown, Lighthouse Mission's pastor and president, and by Reverend Brown in conjunction with for-profit activities he conducted for his own benefit. Defendant also maintains that, at the valuation date, October 1, 2004, the name of the owner of record of the subject property differed from the name of the plaintiff and that plaintiff therefore did not own the subject property as required by N.J.S.A. 54:4-3.6.

Lighthouse agrees that it was illegally barred from using the property for purposes of religious assembly; however, the property was used for other charitable and religious purposes. Lighthouse also suggests it was illegally denied permission to use the property as a church under the prior ordinance, and that if defendant granted the application prior to the adoption of a redevelopment plan, the church use would have been permitted. The plaintiff admits that the property was used in part as Reverend Brown's residence, which under N.J.S.A. 54:4-3.6 is a valid exempt use as it relates to parsonages. It further states that all of the activities conducted by Reverend Brown at the property were in concordance with the plaintiff's religious and charitable purposes, and that with the exception of commercial space leased by it to a third party, which it concedes is not eligible for exemption, all of the remaining subject property is used for the intended purposes.

New Jersey Tax Court Judge Gail Menyuk agreed that although careless record keeping had created confusion as to title, the subject property was owned by the plaintiff. She also concluded Lighthouse was organized for religious/charitable purposes. However, Lighthouse Mission was ineligible to receive the exemption as both a parsonage and a charitable/religious organization. Judge Menyuk states that Lighthouse Mission failed to establish what part of the property was actually used for religious/charitable purposes, and it appeared that the purpose of the property was profit bearing. Also, since the property did not qualify as an exempted church there could be no exempt parsonage (*Mestivta Ohr Torah of Lakewood v. Township of Lakewood*).

Dismissal of an Appeal by County Tax Board
Arnold Lee Austin v. Township of Pemberton; Ana Ramirez v. Township of Pemberton; Sultan Muhammed v. Township of Pemberton, formal opinion dated April 28, 2010; Docket Nos. 014022-2009; 014024-2009; 014026-2009. In these consolidated cases, the Tax Court of New Jersey determined that a taxpayer's testimony before a County Board of Taxation regarding the taxpayer's recent purchase of his or her residence, including the characteristics of the property, the circumstances surrounding the purchase, and the purchase price, constitutes sufficient evidence to preclude dismissal of the taxpayer's appeal for lack of prosecution. As a result of this holding, the defendant Township of Pemberton's motions pursuant to N.J.S.A. 54:51A-1(c)(2) to dismiss the complaints in these matters for failure to prosecute before the Burlington County Board of Taxation were denied.

The three plaintiffs, Mr. Arnold Austin, Ms. Ana Ramirez, and Mr. Sultan Muhammed, filed timely appeals of the assessments of their respective properties with the Burlington County Board of Taxation. All plaintiffs were represented by the same legal counsel.

The first to testify before the County Tax Board was Mr. Austin. He purchased his residence about 15 months prior to the October 1, 2008, relevant property valuation date. Mr. Austin described the physical condition of his property, the circumstances surrounding the purchase, and the purchase price. In addition, Mr. Austin testified that the property is affected by loud noise from Fort Dix, a neighboring military base, information not known to him prior to the closing on his purchase. He offered the view that this evidence was relevant to the fair market value of the property on October 1, 2008. According to the plaintiffs' uncontested submissions, after hearing Mr. Austin's testimony the Burlington County Tax Administrator stated "no comps equals no evidence" and advised the County Tax Board to dismiss the appeal. In response to a question posed by the County Tax Administrator, Mr. Muhammed and Ms. Ramirez maintained they planned to rely entirely on testimony of the type given by the first taxpayer, Mr. Austin, without providing comparable sales or an expert witness. Thereafter, the County Tax Board refused to hear any testimony from these taxpayers.

On June 12, 2009, the County Tax Board entered judgments dismissing all three of the plaintiffs' appeals for failure to prosecute. The plaintiffs filed timely complaints with the Tax Court challenging the County Tax Board's judgments. The Township of Pemberton moved to dismiss the complaints pursuant to N.J.S.A. 54:51A-1(c)(2) because the County Tax Board had dismissed the three matters for failure to prosecute.

The Tax Court concluded that where a taxpayer or counsel appears at a County Tax Board hearing, the appeal is properly dismissed for lack of prosecution only if the taxpayer or counsel fails to produce "some evidence" of the value of the subject property. The distinction between a failure to produce sufficient evidence and a failure to prosecute is significant. Dismissal of an appeal by a County Tax Board where the taxpayer produces some, but insufficient, evidence of value will not preclude further review by the Tax Court. However, in *Pipquarryco, Inc. v. Borough of Hamburg,* 15 N.J. Tax 413 (Tax 1996) the Court held that dismissal of an appeal because a taxpayer has not produced even some evidence of value before a County Tax Board equates to a dismissal for failure to prosecute and deprives the Tax Court of jurisdiction.

The Tax Court is vested with the power to determine, *de novo,* whether there has been a failure to prosecute before the County Tax Board within the intendment of N.J.S.A. 54:51A-1(c)(2) and whether dismissal for lack of prosecution by a County Tax Board was warranted.

The Tax Court concurred with the analyses in *VSH Realty, Inc. v. Township of Harding,* 291 N.J. Super. 295, 15 N.J. Tax 653 (Appellate Division 1996) and *Ganifas Trust v. City of Wildwood,* 15 N.J. Tax 722 (Appellate Division 1996). It was with these positive and negative precedents the Tax Court concluded that Mr. Austin satisfied the "some evidence" standard established in N.J.A.C. 18:12A-1.9(e) when he offered testimony regarding the circumstances of his purchase of the subject property, the purchase price, and the property's characteristics. In reaching this decision, the Tax Court was guided by the Appellate Division's opinion in *Passarella v. Township of Wall,* 22 N.J. Tax 600 (Appellate Division 2004). In that case, the Tax Court granted the municipality's motion to dismiss at the close of the plaintiff's case, where the only evidence produced was the testimony of an expert appraiser regarding the taxpayer's purchase of the subject property a year and a half prior to the relevant valuation date. The Appellate Division reversed, stating it is well established that the price established by an arms-length sale of a property is probative of its fair market value. The Appellate Division held the taxpayer presented sufficient evidence that true value was equal to purchase price.

In light of that holding, the Tax Court concluded that Mr. Austin presented some evidence of value when he testified regarding his purchase of the subject property. While the plaintiff's testimony may have been, in the County Tax Board's view, insufficient for a determination of value, that fact was not relevant to the outcome. Mr. Austin's decision to rely on his own testimony without obtaining an expert appraisal does not amount to a failure to prosecute his appeal. The Tax Court maintained that Mr. Austin appeared at the hearing with counsel and made a good faith effort to explain why he believed the assessment on his property was incorrect and that he did not act in a deliberate and contumacious manner or make a sham appearance before the County Tax Board.

Whether ultimately successful or not, testimony of the type presented by Mr. Austin would satisfy the "some evidence" standard of N.J.A.C. 18:12A-1.9(e) and preclude a finding of failure to prosecute. The type of testimony these taxpayers intended to offer would have satisfied the "some evidence" standard sufficient to avoid dismissal for lack of prosecution had they been permitted to proceed by the County Tax Board. Since Ms. Ramirez and Mr. Muhammed were not permitted to present any evidence before the County Tax Board, dismissal of their appeals for lack of prosecution was not warranted and cannot be sustained.

The Tax Court was aware of the high caseload and short statutory time frame for resolving appeals at County Tax Boards. It was the opinion of the Court that all facets of the tax administration system, including the Tax Court and the County Tax Boards, cannot lose sight of the fact that these venues exist to provide taxpayers and taxing districts with a meaningful forum for the principled resolution of tax disputes.

Property Tax Relief Programs

Property Tax Reimbursement
Rudolf Abel v. Director, Division of Taxation, decided June 22, 2010; Docket No. 017319-2009. Judge Andresini affirmed the Division's denial of Mr. Abel's 2008 Property Tax Reimbursement.

Mr. Abel filed a PTR-1 form seeking a property tax reimbursement (PTR) for 2008.

For the year 2008, the property tax reimbursement application, Form PTR-1, was available to residents who were filing for the first time or were not eligible for the 2007 reimbursement. There is an income limit section on the PTR-1 form; the applicant must have qualifying income in the base year and the application year.

The Director had determined that Mr. Abel's 2007 income exceeded the income eligibility limit. The Director had also determined that Mr. Abel had failed to fulfill the statute's three-year residency requirement. Mr. Abel moved into his new home in 2006. Mr. Abel lived at his old home from 1985 until 2006.

Mr. Abel argued that the Director did not correctly calculate his income and that his only income came as a result of working as an election booth operator and that his 2007 Federal tax return reflected income below the PTR income threshold.

Mr. Abel argued that although he did not reside in his new home for the statutory required three-year period, he should be able to aggregate the years spent at his former home to the years spent at his new home.

Judge Andresini stated, "Property tax reimbursements are governed by N.J.S.A. 54:8.67 to 54:8.75."

An eligible claimant must have an annual income of $60,000 or less in 2007 and $70,000 or less in 2008.

Judge Andresini further opined:

> N.J.S.A. 54:4-8.67 defines income as "income as determined pursuant to P.L. 1975, C. 194 (C. 30:4D-20 et seq.)," which is the statute establishing the Pharmaceutical Assistance to the Aged ("PAAD") program. Regulations promulgated for the PAAD program pursuant to N.J.S.A. 30:40D-24 include N.J.A.C. 8:83-6.2, which defines "income" for purposes of PAAD program and thus for eligibility for the property tax reimbursement. Income includes such things as pensions, N.J.A.C. 8:83-6.2 (c)(1)(xvi) and social security benefits N.J.A.C. 8:83-6.2(c)(1)(i). Income for purposes of the property tax reimbursement has nothing to do with federal income tax definition. I therefore conclude that Mr. Abel's income exceeded the income eligibility limits for the property tax reimbursement for tax year 2007 and that he is not eligible for the reimbursement.

Judge Andresini went on to say about the three-year residency requirement:

> The tacking issue was extensively analyzed by Judge Small in *Anderson v. Director, Div. of Taxation,* 24 N.J. Tax 141 , 152 (Tax 2008), aff'd, 2009 N.J. Lexis 244 (App. Div. 2009). The taxpayer argued because she was forced to move from her old home to her new home, as a result of condemnation of her old home, she should be able to tack the years lived at her old home to those lived in her new home in order to meet the statute's three year residency requirement. The judge agreed that the principle of tacking had been applied in the adverse possession context, so that one who claims adverse possession may gain benefit of adverse uses by predecessors as long as the adverse use is continuous, the claimant satisfies all other requirements, and privity exists between the claimant and previous titleholders. He determined that tacking was not applicable here due to the taxpayer's lack of privity with the prior owners of her new property. The judge also reasoned that exemptions from taxation are typically narrowly construed and therefore the equitable principle of tacking should not be applied to settings other than adverse possession in the absence of express legislative direction.

In this case, Mr. Abel did not fulfill the three-year residency requirement.

In closing, Judge Andresini stated:

> I conclude that the Director of the Division of Taxation properly exercised discretion denying Mr. Abel's property tax reimbursement for 2008.

Sales and Use Tax

Sales Tax Refund
Home Depot, U.S.A. Inc., v. Director, Division of Taxation, decided October 27, 2009; New Jersey Superior Court, Appellate Division. The taxpayer appealed from a summary judgment dismissal by the New Jersey Tax Court challenging the denial of a refund claim for sales tax paid on uncollectible credit card purchases. The taxpayer is a "conduit for credit card applications and the

collecting and remitting of New Jersey sales tax." For the involved period, the taxpayer made a business decision to outsource its accounts receivable to three finance companies. The taxpayer paid service fees under agreements with these finance companies which included projected bad debt loss incurred by the finance companies. This element was not identified in any of the agreements nor was there any evidence identifying or allocating part of the service fee to any other cost or item.

The Appellate Division confirmed the Tax Court's denial of their sales tax refund claim on the basis that the claim was barred under the provisions of N.J.A.C. 18:24-23.2(a)(2), the "regulation that denies any refund of sales tax where a vendor has collected from a customer an amount at least equal to the amount of sales tax paid." Further, it was stated that the taxpayer's "proofs did not establish that it suffered any losses on credit card transactions due to bad debts as a result of its payment of unidentified and unallocated service fees to the finance companies."

It was further found that the taxpayer recovered from the finance companies an amount more than sufficient to pay the sales tax during the refund period. Therefore, even if the customer eventually defaulted on the credit card obligation the taxpayer received the same payment in conjunction with the transaction and paid the same service fee to the finance companies.

Jurisdiction
Scott Frybarger, t/a Titan Power Equipment, Inc. v. New Jersey Department of Treasury, decided April 20, 2010; Docket No. A-2410-08T3. This case was heard in the New Jersey Superior Court, Appellate Division on appeal from the New Jersey Superior Court, Law Division.

The Director had previously prevailed in court decisions from the United States Federal District Court and the New Jersey Superior Court, Law Division on this matter.

Mr. Frybarger, a resident from Florida, sent a tractor-trailer full of construction equipment to New Jersey to be sold. Mr. Frybarger hired individuals from Ohio to drive around New Jersey construction sites and sell the merchandise. The individuals from Ohio were responsible for picking the equipment up from a New Jersey site and driving the equipment to prospective customers located in New Jersey. Once a construction site foreman saw equipment that he was interested in, the Ohio driver would make a phone call to Mr. Frybarger who would finalize the deal. Sales tax had not been remitted on these transactions.

Mr. Frybarger's appeal alleged constitutional violations by the defendant, including illegal search and seizure, confiscation of property, infringement of right to interstate travel, and invasion of privacy.

The New Jersey Superior Court, Appellate Division ruling stated:

> Here, a sales tax obligation was triggered by the sale of plaintiff's equipment in New Jersey. "The combination of physical presence in New Jersey and transfer of possession [of the equipment] in New Jersey is sufficient to impose on [plaintiff] an obligation to collect the sales and use tax in a two-party transaction." *Steelcase, Inc. v. Director, Division of Taxation*.
>
> Even if, as plaintiff suggests, the subcontractors made each sale, plaintiff remains liable for the collection and turnover of sales taxes, as "the same principles that govern two-party transactions also apply to three-party transactions." Ibid. As the vendor and owner of the seized equipment, plaintiff became liable for incurred taxes when equipment was transferred in New Jersey upon his approval for each sale. Therefore, plaintiff retains the obligation to collect the sales or use tax for all transactions that are not otherwise qualified exempt sales.
>
> We reject as unfounded plaintiff's contentions that defendant's seizure of his property violated his constitutional rights "protected by 42 U.S.C.A. Section 1983".... Plaintiff's claim that defendant performed an unlawful warrantless search and seizure and assertion of a right to jury trial are without merit and do not warrant extensive discussion. R. 2:11-3(e)(1)(E).... Our review discerns no "fraudulent representation" by defendant or its investigators in exercising its authorized power to issue a warrant of execution for jeopardy assessment of delinquent taxes, pursuant to N.J.S.A. 54:32B-22 and N.J.S.A. 54:49-13a.... With regard to the confiscation of plaintiff's property in partial satisfaction of the assessment, no Fourth Amendment protections, made applicable to the states by the Fourteenth Amendment were infringed.... The open seizure of plaintiff's trailer and its contents were within the scope of defendant's statutory authority and violated no protected privacy interest.... We conclude plaintiff's failure to comply with the jurisdictional prerequisites to having tax matters heard is a fatal flaw barring his requested relief.

New Jersey Division of Taxation

APPENDICES

2009 General and Effective Property Tax Rates
By Municipality

County	General Tax Rate	Effective Tax Rate
Atlantic		
Absecon City	1.900	1.990
Atlantic City	1.713	1.775
Brigantine City	1.032	1.065
Buena Borough	2.299	2.162
Buena Vista Township	4.273	1.741
Corbin City	3.187	1.812
Egg Harbor City	2.621	2.407
Egg Harbor Township	3.810	1.826
Estell Manor City	2.524	1.326
Folsom Borough	2.672	1.382
Galloway Township	1.895	1.764
Hamilton Township	3.973	1.905
Hammonton Town	3.358	1.800
Linwood City	3.449	2.127
Longport Borough	0.780	0.608
Margate City	1.247	1.027
Mullica Township	3.838	1.690
Northfield City	4.428	1.961
Pleasantville City	4.806	2.084
Port Republic City	3.157	1.489
Somers Point City	4.010	1.777
Ventnor City	1.669	1.496
Weymouth Township	3.025	1.552
Bergen		
Allendale Borough	2.618	1.802
Alpine Borough	0.670	0.526
Bergenfield Borough	2.808	2.269
Bogota Borough	2.421	2.083
Carlstadt Borough	3.828	1.421
Cliffside Park Borough	2.203	1.516
Closter Borough	1.971	1.710
Cresskill Borough	2.214	1.468
Demarest Borough	2.176	1.784
Dumont Borough	2.385	2.099
Elmwood Park Borough	2.335	1.851
East Rutherford Borough	3.084	1.306
Edgewater Borough	1.149	1.188
Emerson Borough	1.908	1.886
Englewood City	1.968	1.870
Englewood Cliffs Bor.	0.751	0.757
Fair Lawn Borough	2.153	2.033
Fairview Borough	4.150	1.632
Fort Lee Borough	1.892	1.746
Franklin Lakes Borough	1.196	1.215
Garfield City	4.096	1.737
Glen Rock Borough	2.411	2.073
Hackensack City	2.215	2.066
Harrington Park Borough	1.901	1.779
Hasbrouck Heights Bor.	2.070	1.987
Haworth Borough	2.394	1.848
Hillsdale Borough	1.930	1.845
Ho Ho Kus Borough	1.441	1.422
Leonia Borough	2.170	1.817
Little Ferry Borough	2.226	2.039
Lodi Borough	2.819	2.206
Lyndhurst Township	1.691	1.731
Mahwah Township	2.063	1.202
Maywood Borough	1.943	1.961
Midland Park Borough	2.959	1.923
Montvale Borough	1.579	1.638
Moonachie Borough	1.712	1.614
New Milford Borough	2.183	1.986
North Arlington Borough	4.482	2.030
Northvale Borough	1.902	1.777
Norwood Borough	1.656	1.552
Oakland Borough	2.052	1.879
Old Tappan Borough	2.141	1.407
Oradell Borough	2.142	1.907
Palisades Park Borough	1.443	1.368
Paramus Borough	1.545	1.332
Park Ridge Borough	1.901	1.647
Ramsey Borough	2.398	1.768
Ridgefield Borough	1.563	1.313
Ridgefield Park Village	2.402	2.404
Ridgewood Village	1.792	1.761
River Edge Borough	2.442	2.068
River Vale Township	1.945	1.835
Rochelle Park Township	2.695	1.621
Rockleigh Borough	0.702	0.804
Rutherford Borough	2.107	1.962

County	General Tax Rate	Effective Tax Rate
Bergen (continued)		
Saddle Brook Township	1.885	1.748
Saddle River Borough	0.914	0.730
South Hackensack Twp.	3.458	1.764
Teaneck Township	2.281	2.178
Tenafly Borough	2.680	1.872
Teterboro Borough	0.983	0.829
Upper Saddle River Bor.	2.011	1.377
Waldwick Borough	2.228	1.955
Wallington Borough	1.764	1.724
Washington Township	1.752	1.687
Westwood Borough	2.133	1.731
Woodcliff Lake Borough	2.059	1.547
Wood-Ridge Borough	3.201	1.834
Wyckoff Township	1.428	1.419
Burlington		
Bass River Township	1.375	1.459
Beverly City	5.341	2.875
Bordentown City	2.383	2.472
Bordentown Township	1.984	2.063
Burlington City	4.027	2.175
Burlington Township	2.303	1.928
Chesterfield Township	1.739	1.864
Cinnaminson Township	2.181	2.130
Delanco Township	2.093	2.095
Delran Township	2.688	2.236
Eastampton Township	2.285	2.235
Edgewater Park Township	4.354	2.000
Evesham Township	2.376	2.177
Fieldsboro Borough	2.473	2.429
Florence Township	3.945	1.918
Hainesport Township	3.461	1.626
Lumberton Township	1.985	1.836
Mansfield Township	1.922	1.844
Maple Shade Township	2.259	2.159
Medford Township	4.308	2.195
Medford Lakes Borough	5.259	2.486
Moorestown Township	1.897	1.943
Mount Holly Township	4.886	2.236
Mount Laurel Township	3.846	1.888
New Hanover Township	2.300	1.497
North Hanover Township	3.305	1.395
Palmyra Borough	4.625	2.386
Pemberton Borough	2.904	1.451
Pemberton Township	3.506	1.782
Riverside Township	2.848	2.289
Riverton Borough	2.451	2.488
Shamong Township	3.870	1.920

County	General Tax Rate	Effective Tax Rate
Southampton Township	3.304	1.830
Springfield Township	2.209	1.944
Tabernacle Township	2.263	1.939
Washington Township	1.110	1.096
Westampton Township	3.189	1.764
Willingboro Township	5.264	2.721
Woodland Township	1.599	1.557
Wrightstown Borough	3.282	1.804
Camden		
Audubon Borough	2.610	2.535
Audubon Park Borough	3.376	3.359
Barrington Borough	6.178	2.885
Bellmawr Borough	2.795	2.775
Berlin Borough	4.627	2.243
Berlin Township	4.664	2.656
Brooklawn Borough	4.409	2.284
Camden City	4.703	2.167
Cherry Hill Township	5.319	2.412
Chesilhurst Borough	2.419	2.611
Clementon Borough	4.985	2.952
Collingswood Borough	2.621	2.456
Gibbsboro Borough	4.049	2.582
Gloucester City	4.741	2.425
Gloucester Township	5.242	2.622
Haddon Township	5.393	2.545
Haddonfield Borough	2.338	2.383
Haddon Heights Borough	2.553	2.598
Hi-Nella Borough	4.924	2.770
Laurel Springs Borough	6.146	3.250
Lawnside Borough	4.522	2.819
Lindenwold Borough	5.836	3.084
Magnolia Borough	5.642	2.983
Merchantville Borough	5.049	2.760
Mount Ephraim Borough	5.837	3.141
Oaklyn Borough	5.532	2.815
Pennsauken Township	4.571	2.436
Pine Hill Borough	6.186	3.065
Pine Valley Borough	1.356	1.371
Runnemede Borough	5.047	2.775
Somerdale Borough	3.071	3.083
Stratford Borough	5.317	2.985
Tavistock Borough	1.181	1.225
Voorhees Township	2.478	2.435
Waterford Township	4.925	2.496
Winslow Township	4.731	2.320
Woodlynne Borough	7.866	3.703

County	General Tax Rate	Effective Tax Rate
Cape May		
Avalon Borough	0.393	0.386
Cape May City	0.853	0.684
Cape May Point Borough	0.465	0.424
Dennis Township	1.135	1.116
Lower Township	1.112	1.160
Middle Township	1.238	1.243
North Wildwood City	0.816	0.878
Ocean City	0.706	0.677
Sea Isle City	0.546	0.537
Stone Harbor Borough	0.463	0.417
Upper Township	1.172	1.184
West Cape May Borough	0.979	0.997
West Wildwood Borough	1.171	0.988
Wildwood City	1.831	1.644
Wildwood Crest Borough	0.961	0.921
Woodbine Borough	1.146	1.136
Cumberland		
Bridgeton City	4.955	3.015
Commercial Township	1.794	2.085
Deerfield Township	2.948	2.372
Downe Township	1.536	1.558
Fairfield Township	3.741	1.969
Greenwich Township	3.228	2.737
Hopewell Township	3.797	2.366
Lawrence Township	4.015	2.075
Maurice River Township	4.153	1.901
Millville City	3.047	2.237
Shiloh Borough	3.982	2.025
Stow Creek Township	3.161	2.225
Upper Deerfield Twp.	3.780	2.168
Vineland City	4.044	1.951
Essex		
Belleville Township	2.464	2.252
Bloomfield Township	6.095	2.394
Caldwell Borough Twp.	2.219	1.976
Cedar Grove Township	11.845	1.581
East Orange City	2.833	2.847
Essex Fells Township	1.606	1.510
Fairfield Township	1.459	1.461
Glen Ridge Bor. Twp.	2.776	2.528
Irvington Township	2.534	2.651
Livingston Township	1.974	1.852
Maplewood Township	4.660	2.451
Millburn Township	1.755	1.584
Montclair Township	2.387	2.363
Newark City	2.739	1.549

County	General Tax Rate	Effective Tax Rate
North Caldwell Borough	1.674	1.697
Nutley Township	2.383	2.276
Orange City	3.239	2.795
Roseland Borough	12.821	1.510
S. Orange Village Twp.	2.532	2.546
Verona Township	9.917	1.946
West Caldwell Township	4.027	1.787
West Orange Township	12.547	2.732
Gloucester		
Clayton Borough	4.909	2.631
Deptford Township	3.963	2.169
East Greenwich Township	4.131	2.107
Elk Township	2.298	2.316
Franklin Township	4.034	2.101
Glassboro Borough	5.245	2.911
Greenwich Township	3.705	2.161
Harrison Township	3.843	2.058
Logan Township	3.404	1.811
Mantua Township	4.808	2.356
Monroe Township	2.675	2.481
National Park Borough	5.896	3.061
Newfield Borough	2.251	2.357
Paulsboro Borough	4.844	2.640
Pitman Borough	5.228	2.625
S. Harrison Township	3.577	2.135
Swedesboro Borough	6.149	2.903
Washington Township	4.883	2.359
Wenonah Borough	2.499	2.633
West Deptford Township	4.133	2.115
Westville Borough	5.330	2.970
Woodbury City	6.287	3.200
Woodbury Heights Bor.	4.523	2.851
Woolwich Township	4.746	2.356
Hudson		
Bayonne City	6.288	2.249
East Newark Borough	7.798	1.636
Guttenberg Town	5.800	2.056
Harrison Town	5.664	1.888
Hoboken City	4.489	1.294
Jersey City	6.001	1.510
Kearny Town	8.947	2.310
North Bergen Township	4.511	1.857
Secaucus Town	3.406	1.504
Union City	5.748	2.152
Weehawken Township	3.793	1.849
West New York Town	6.927	2.355

County	General Tax Rate	Effective Tax Rate
Hunterdon		
Alexandria Township	2.072	1.897
Bethlehem Township	2.848	2.273
Bloomsbury Borough	1.839	1.973
Califon Borough	2.369	2.544
Clinton Town	2.390	2.411
Clinton Township	1.997	2.037
Delaware Township	2.060	1.849
East Amwell Township	1.817	1.758
Flemington Borough	2.273	2.071
Franklin Township	2.207	2.009
Frenchtown Borough	2.599	2.126
Glen Gardner Borough	2.825	1.981
Hampton Borough	2.291	2.316
High Bridge Borough	3.062	2.702
Holland Township	1.915	1.769
Kingwood Township	1.694	1.691
Lambertville City	1.616	1.531
Lebanon Borough	1.546	1.680
Lebanon Township	2.708	1.884
Milford Borough	3.097	2.376
Raritan Township	2.168	2.018
Readington Township	2.570	1.996
Stockton Borough	1.743	1.765
Tewksbury Township	2.221	1.610
Union Township	2.768	1.893
West Amwell Township	1.866	1.681
Mercer		
East Windsor Township	5.270	2.367
Ewing Township	4.597	2.233
Hamilton Township	3.998	1.984
Hightstown Borough	2.943	2.747
Hopewell Borough	2.037	2.194
Hopewell Township	2.009	2.087
Lawrence Township	4.069	1.922
Pennington Borough	2.110	2.131
Princeton Borough	4.290	1.691
Princeton Township	3.628	1.726
Robbinsville Township	2.225	2.293
Trenton City	4.690	2.784
West Windsor Township	2.190	2.195
Middlesex		
Carteret Borough	5.164	1.884
Cranbury Township	1.603	1.596
Dunellen Borough	10.883	2.178
East Brunswick Township	8.570	2.094
Edison Township	4.128	1.883
Helmetta Borough	2.003	1.927
Highland Park Borough	6.487	2.286
Jamesburg Borough	4.985	2.112
Metuchen Borough	4.772	1.936
Middlesex Borough	7.248	2.080
Milltown Borough	4.264	1.822
Monroe Township	3.368	1.510
New Brunswick City	5.027	1.853
North Brunswick Twp.	4.443	2.120
Old Bridge Township	4.111	1.738
Perth Amboy City	2.373	2.151
Piscataway Township	5.904	1.884
Plainsboro Township	2.098	2.052
Sayreville Borough	4.196	1.721
South Amboy City	2.057	1.724
South Brunswick Twp.	3.941	1.853
South Plainfield Bor.	5.018	1.806
South River Borough	6.249	1.584
Spotswood Borough	2.658	2.083
Woodbridge Township	7.935	1.810
Monmouth		
Aberdeen Township	2.145	2.012
Allenhurst Borough	0.593	0.630
Allentown Borough	4.540	2.166
Asbury Park City	4.931	1.530
Atlantic Highlands Bor.	2.260	1.601
Avon-by-the-Sea Bor.	0.946	0.884
Belmar Borough	1.845	1.053
Bradley Beach Borough	1.195	1.148
Brielle Borough	1.200	1.282
Colts Neck Township	3.212	1.343
Deal Borough	0.480	0.462
Eatontown Borough	1.783	1.626
Englishtown Borough	1.669	1.749
Fair Haven Borough	2.244	1.595
Farmingdale Borough	1.674	1.595
Freehold Borough	2.207	1.854
Freehold Township	1.842	1.677
Hazlet Township	2.121	1.935
Highlands Borough	2.802	1.862
Holmdel Township	1.609	1.578
Howell Township	1.961	1.902
Interlaken Borough	1.501	1.025

County	General Tax Rate	Effective Tax Rate
Monmouth (continued)		
Keansburg Borough	1.975	1.845
Keyport Borough	2.106	1.974
Lake Como Borough	1.373	1.377
Little Silver Borough	2.219	1.642
Loch Arbour Village	0.961	1.137
Long Branch City	1.473	1.383
Manalapan Township	1.701	1.660
Manasquan Borough	1.517	1.068
Marlboro Township	4.144	1.698
Matawan Borough	2.339	2.237
Middletown Township	1.725	1.557
Millstone Township	2.575	1.709
Monmouth Beach Bor.	1.199	1.037
Neptune Township	2.221	1.570
Neptune City Borough	2.421	1.793
Ocean Township	1.824	1.502
Oceanport Borough	1.470	1.505
Red Bank Borough	1.613	1.542
Roosevelt Borough	2.327	2.275
Rumson Borough	1.431	1.124
Sea Bright Borough	1.602	1.014
Sea Girt Borough	0.725	0.710
Shrewsbury Borough	2.554	1.650
Shrewsbury Township	2.201	2.018
Spring Lake Borough	0.645	0.606
Spring Lake Heights Bor.	1.195	1.192
Tinton Falls Borough	1.646	1.526
Union Beach Borough	3.158	2.049
Upper Freehold Township	1.769	1.784
Wall Township	2.462	1.434
West Long Branch Bor.	1.789	1.686
Morris		
Boonton Town	2.023	1.972
Boonton Township	1.459	1.507
Butler Borough	2.752	1.934
Chatham Borough	1.658	1.397
Chatham Township	1.569	1.401
Chester Borough	1.985	1.892
Chester Township	1.704	1.745
Denville Township	2.641	1.695
Dover Town	1.807	1.710
East Hanover Township	1.962	1.311
Florham Park Borough	1.236	1.221
Hanover Township	2.639	1.283
Harding Township	1.058	0.769
Jefferson Township	1.842	1.858

County	General Tax Rate	Effective Tax Rate
Kinnelon Borough	2.728	1.841
Lincoln Park Borough	2.040	1.881
Long Hill Township	2.662	1.809
Madison Borough	2.533	1.415
Mendham Borough	1.525	1.538
Mendham Township	1.628	1.573
Mine Hill Township	1.894	1.844
Montville Township	3.213	1.621
Morris Township	2.266	1.452
Morris Plains Borough	1.725	1.605
Morristown Town	2.528	1.799
Mountain Lakes Borough	2.109	1.820
Mount Arlington Borough	2.196	1.771
Mount Olive Township	2.376	2.248
Netcong Borough	2.108	2.095
Parsippany-Troy Hills Twp.	2.335	1.777
Pequannock Township	1.665	1.679
Randolph Township	3.109	1.833
Riverdale Borough	1.442	1.369
Rockaway Borough	2.305	1.913
Rockaway Township	3.334	2.103
Roxbury Township	3.704	1.936
Victory Gardens Borough	1.661	1.659
Washington Township	1.983	1.904
Wharton Borough	2.007	1.959
Ocean		
Barnegat Township	1.627	1.724
Barnegat Light Borough	0.748	0.682
Bay Head Borough	0.667	0.636
Beach Haven Borough	1.031	0.779
Beachwood Borough	1.545	1.490
Berkeley Township	3.347	1.405
Brick Township	3.885	1.410
Eagleswood Township	1.657	1.533
Harvey Cedars Borough	0.714	0.698
Island Heights Borough	1.595	1.263
Jackson Township	1.770	1.585
Lacey Township	1.412	1.365
Lakehurst Borough	1.779	1.729
Lakewood Township	1.798	1.702
Lavallette Borough	0.850	0.638
Little Egg Harbor Twp.	1.517	1.550
Long Beach Township	0.811	0.689
Manchester Township	1.672	1.430
Mantoloking Borough	0.441	0.477
Ocean Township	1.538	1.354
Ocean Gate Borough	1.888	1.719

County	General Tax Rate	Effective Tax Rate
Ocean (continued)		
Pine Beach Borough	1.503	1.375
Plumsted Township	1.391	1.513
Point Pleasant Borough	3.741	1.372
Pt. Pleasant Beach Bor.	0.936	0.984
Seaside Heights Borough	1.306	1.303
Seaside Park Borough	1.226	1.055
Ship Bottom Borough	0.971	0.759
South Toms River Bor.	1.749	1.689
Stafford Township	1.793	1.506
Surf City Borough	0.855	0.719
Toms River Township	1.232	1.236
Tuckerton Borough	2.081	1.657
Passaic		
Bloomingdale Borough	5.852	2.426
Clifton City	4.516	2.116
Haledon Borough	5.478	2.485
Hawthorne Borough	4.676	2.024
Little Falls Township	1.933	1.865
North Haledon Borough	6.209	1.750
Passaic City	6.103	2.152
Paterson City	1.931	1.998
Pompton Lakes Borough	5.836	2.378
Prospect Park Borough	5.864	2.436
Ringwood Borough	2.529	2.217
Totowa Borough	1.620	1.722
Wanaque Borough	5.835	2.400
Wayne Township	4.325	1.980
West Milford Township	5.859	2.303
Woodland Park Borough	4.475	1.949
Salem		
Alloway Township	3.353	2.222
Carneys Point Township	2.300	2.316
Elmer Borough	2.467	2.380
Elsinboro Township	2.126	2.173
Lower Alloways Crk. Twp.	1.336	0.887
Mannington Township	2.260	2.299
Oldmans Township	2.204	2.413
Penns Grove Borough	3.218	3.140
Pennsville Township	4.469	2.484
Pilesgrove Township	2.108	2.125
Pittsgrove Township	2.796	2.324
Quinton Township	2.011	2.502
Salem City	3.506	3.234
Upper Pittsgrove Twp.	2.100	2.012
Woodstown Borough	2.524	2.497

County	General Tax Rate	Effective Tax Rate
Somerset		
Bedminster Township	1.179	1.077
Bernards Township	1.676	1.555
Bernardsville Borough	1.487	1.413
Bound Brook Borough	2.574	2.171
Branchburg Township	1.956	1.821
Bridgewater Township	1.776	1.634
Far Hills Borough	1.002	0.946
Franklin Township	1.806	1.810
Green Brook Township	2.093	1.946
Hillsborough Township	2.989	1.804
Manville Borough	2.072	2.009
Millstone Borough	1.973	2.166
Montgomery Township	2.567	1.882
North Plainfield Borough	2.671	2.480
Peapack & Gladstone Bor.	1.728	1.527
Raritan Borough	2.166	1.849
Rocky Hill Borough	3.609	1.604
Somerville Borough	5.266	2.386
South Bound Brook Bor.	2.700	2.465
Warren Township	1.821	1.578
Watchung Borough	1.762	1.582
Sussex		
Andover Borough	3.294	1.885
Andover Township	3.121	2.151
Branchville Borough	1.750	1.684
Byram Township	2.418	2.267
Frankford Township	1.761	1.732
Franklin Borough	4.689	2.229
Fredon Township	1.890	1.901
Green Township	2.236	2.134
Hamburg Borough	3.918	2.124
Hampton Township	3.715	1.827
Hardyston Township	3.327	1.715
Hopatcong Borough	1.873	1.991
Lafayette Township	1.822	1.760
Montague Township	3.566	1.680
Newton Town	2.557	2.574
Ogdensburg Borough	2.387	2.327
Sandyston Township	1.826	1.631
Sparta Township	3.124	2.029
Stanhope Borough	2.392	2.343
Stillwater Township	4.419	1.848
Sussex Borough	4.010	2.145
Vernon Township	2.407	2.045
Walpack Township	0.552	0.455
Wantage Township	1.973	1.857

County	General Tax Rate	Effective Tax Rate
Union		
Berkeley Heights Twp.	3.152	1.666
Clark Township	7.002	1.794
Cranford Township	4.845	1.854
Elizabeth City	20.158	1.929
Fanwood Borough	11.528	2.127
Garwood Borough	7.569	2.012
Hillside Township	6.603	2.619
Kenilworth Borough	3.724	1.659
Linden City	4.916	2.066
Mountainside Borough	5.310	1.317
New Providence Borough	3.903	1.915
Plainfield City	6.209	2.154
Rahway City	4.899	1.984
Roselle Borough	7.147	3.018
Roselle Park Borough	11.263	2.378
Scotch Plains Township	8.632	2.005
Springfield Township	5.617	2.005
Summit City	3.589	1.511
Union Township	15.347	2.087
Westfield Town	6.914	1.684
Winfield Township	191.107	15.987

County	General Tax Rate	Effective Tax Rate
Warren		
Allamuchy Township	2.342	1.787
Alpha Borough	2.771	2.482
Belvidere Town	4.655	2.249
Blairstown Township	1.722	1.658
Franklin Township	2.658	2.358
Frelinghuysen Township	2.095	1.858
Greenwich Township	2.543	1.812
Hackettstown Town	4.246	2.383
Hardwick Township	2.768	1.778
Harmony Township	2.222	1.632
Hope Township	1.867	1.935
Independence Township	1.975	1.834
Knowlton Township	3.279	2.004
Liberty Township	2.875	2.119
Lopatcong Township	1.997	1.977
Mansfield Township	2.976	2.026
Oxford Township	2.277	2.274
Phillipsburg Town	4.103	2.085
Pohatcong Township	3.423	2.508
Washington Borough	4.273	2.735
Washington Township	2.997	2.168
White Township	2.038	1.623

Abstract of Ratables and Exemptions 2009

	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	$ 21,566,233,050	$ 24,756,543,750	$ 46,322,776,800	$ 22,187,300	$ 46,300,589,500
Bergen	84,029,874,788	73,867,544,583	157,897,419,371	8,319,500	157,889,099,871
Burlington	12,933,581,496	25,912,006,001	38,845,587,497	82,734,180	38,762,853,317
Camden	8,435,936,125	18,003,369,352	26,439,305,477	63,311,100	26,375,994,377
Cape May	37,414,850,400	16,082,604,147	53,497,454,547	1,000	53,497,453,547
Cumberland	1,433,581,750	4,410,539,300	5,844,121,050	20,225,100	5,823,895,950
Essex	31,454,553,431	37,801,556,352	69,256,109,783	367,257,800	68,888,851,983
Gloucester	4,550,009,451	12,453,822,175	17,003,831,626	70,225,620	16,933,606,006
Hudson	7,573,435,998	14,595,325,117	22,168,761,115	234,043,500	21,934,717,615
Hunterdon	8,533,019,790	12,667,726,048	21,200,745,838	11,416,100	21,189,329,738
Mercer	11,533,481,676	19,725,218,412	31,258,700,088	55,897,520	31,202,802,568
Middlesex	17,129,100,084	31,416,550,429	48,545,650,513	84,498,100	48,461,152,413
Monmouth	54,694,538,350	51,410,962,900	106,105,501,250	97,338,550	106,008,162,700
Morris	37,815,297,771	41,142,926,362	78,958,224,133	6,873,400	78,951,350,733
Ocean	50,288,269,820	38,865,911,009	89,154,180,829	1,188,100	89,152,992,729
Passaic	15,412,622,589	18,481,589,431	33,894,212,020	3,228,400	33,890,983,620
Salem	1,411,274,560	3,452,581,139	4,863,855,699	624,000	4,863,231,699
Somerset	22,323,171,443	33,400,046,015	55,723,217,458	8,678,550	55,714,538,908
Sussex	7,359,625,848	9,739,077,011	17,098,702,859	–	17,098,702,859
Union	9,632,888,850	14,429,520,000	24,062,408,850	31,863,600	24,030,545,250
Warren	3,461,874,025	6,893,846,272	10,355,720,297	2,197,700	10,353,522,597
TOTALS	$448,987,221,295	$509,509,265,805	$958,496,487,100	$1,172,109,120	$957,324,377,980

Abstract of Ratables and Exemptions 2009 (continued)

	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9		Col. 10
					TRUE VALUE		EQUALIZATION
COUNTY	Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies	Net Valuation Taxable (Col. 4 + 5)	General Tax Rate to Apply per $100 Valuation	County Equalization Table—Average Ratio of Assessed to True Value of Real Property (R.S. 54:3-17 to R.S. 54:3-19)	(a) U.E.Z. Abatement Expired	(b) Class II Railroad Property (C.139, L. 1966)	(a) Amounts Deducted Under R.S. 54:3-17 to R.S. 54:3-19
Atlantic	$ 60,051,201	$ 46,360,640,701			$ (104,400)		$ 913,022,408
Bergen	240,884,027	158,129,983,898					426,598,867
Burlington	102,541,401	38,865,394,718			9,770,179		254,407,981
Camden	85,012,751	26,461,007,128					66,432,434
Cape May	39,535,980	53,536,989,527					522,485,543
Cumberland	24,739,695*	5,845,247,545					43,985,748
Essex	162,857,390	69,051,709,373					207,119,226
Gloucester	156,704,063	17,090,310,069					24,802,632
Hudson	37,491,797	21,972,209,412					
Hunterdon	57,832,310	21,247,162,048					104,784,576
Mercer	87,655,185	31,290,457,753			2,247,393		293,929,411
Middlesex	113,185,734	48,574,338,147					
Monmouth	226,589,588	106,234,752,288					234,573,345
Morris	147,168,209	79,098,518,942					156,991,887
Ocean	135,173,320	89,288,166,049					643,552,327
Passaic	57,312,989	33,948,296,609					474,553,726
Salem	19,154,131	4,882,385,830					71,342,100
Somerset	100,942,261	55,815,481,169					32,195,441
Sussex	43,009,952	17,141,712,811					130,840,622
Union	35,508,413	24,066,053,663					
Warren	27,217,257	10,380,739,854					11,039,570
TOTALS	$1,960,567,654	$959,281,557,534			$11,913,172		$4,612,657,844

*Includes Cumberland County, Millville City Revenue Allocation District $3,388,100

Abstract of Ratables and Exemptions 2009 (continued)

	Col. 10	Col. 11	Col. 12—APPORTIONMENT OF TAXES				
			Section A County Taxes				
			I	II ADJUSTMENTS RESULTING FROM			
	EQUALIZATION			County Equalization Table Appeals (R.S. 54:51A-4)		Appeals and Corrected Errors (R.S. 54:4-49; R.S. 54:4-53)	
COUNTY	(b) Amounts Added Under R.S. 54:3-17 to R.S. 54:3-19 and N.J.S.A. 54:11D-7	Net Valuation on Which County Taxes Are Apportioned (Col. 6 – 9(a) + 9(b) – 10(a) + 10(b))	Total County Taxes Apportioned (Including Total Net Adjustments)	(a) Deduct Overpayment	(b) Add Underpayment	(c) Deduct Overpayment	(d) Add Underpayment
Atlantic	$ 10,741,806,027	$ 56,189,528,720	$ 140,026,805.29			$ 1,199,715.63	$ 45.90
Bergen	29,876,686,432	187,580,071,463	341,444,774.98			1,970,013.98	
Burlington	14,021,138,424	52,622,354,982	163,169,695.16			854,606.42	3,001.72
Camden	16,991,127,946	43,385,702,640	242,644,503.90			472,770.90	
Cape May	2,086,981,353	55,101,485,337	89,115,796.70			411,141.08	
Cumberland	4,002,626,400	9,807,276,297	83,227,199.11			288,708.11	
Essex	29,067,260,514	97,911,850,661	370,469,578.49			6,894,332.44	
Gloucester	12,580,109,778	29,645,617,215	151,041,290.72			3,046,987.72	105,697.00
Hudson	46,637,191,573	68,609,400,985	262,743,523.16			5,361,570.16	
Hunterdon	3,073,013,285	24,215,390,757	69,830,878.30			104,878.30	
Mercer	17,584,855,726	48,579,136,675	218,938,255.91			309,393.52	384,472.61
Middlesex	63,887,967,067	112,462,305,214	298,438,169.95			1,418,235.88	464,065.93
Monmouth	23,020,424,288	129,020,603,231	295,445,266.99			661,114.99	
Morris	24,727,922,961	103,669,450,016	202,051,684.65			745,294.21	59,049.17
Ocean	21,262,372,005	109,906,985,727	279,756,632.28			879,897.16	251.88
Passaic	24,408,428,355	57,882,171,238	285,765,744.47			1,930,372.85	
Salem	978,318,931	5,789,362,661	50,177,476.13			34,279.82	1,368.39
Somerset	8,285,935,889	64,069,221,617	170,084,291.51			155,191.51	
Sussex	4,612,792,493	21,623,664,682	71,583,110.34			77,092.93	1,276.59
Union	54,792,219,362	78,858,273,025	266,621,868.60			1,565,698.60	
Warren	3,377,247,706	13,746,947,990	68,234,213.59			320,926.59	
TOTALS	$416,016,426,515	$1,370,676,801,133	$4,120,810,760.23			$28,702,222.80	$1,019,229.19

Abstract of Ratables and Exemptions 2009 (continued)

	Col. 12—APPORTIONMENT OF TAXES					
	Section A County Taxes			Section B		
COUNTY	III Net County Taxes Apportioned	IV Municipal Budget State Aid (R.S. 52:27D-118.40)	V Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII–IV–Addendum 1(a))	(a) County Library Taxes	(b) County Health Taxes	(c) County Open Space Taxes
Atlantic	$ 138,827,135.56		$ 138,827,135.56	$ 8,226,706.00	$ 6,258,724.00	$ 2,809,312.76
Bergen	339,474,761.00		339,474,761.00			18,758,007.15
Burlington	162,318,090.46	$100,000.00	162,218,090.46	11,377,557.00		20,950,531.64
Camden	242,171,733.00		242,171,733.00	8,384,057.00		8,677,140.53
Cape May	88,704,655.62		88,704,655.62	9,533,986.57		5,510,148.53
Cumberland	82,938,491.00		82,938,491.00		2,202,000.00	980,727.63
Essex	363,575,246.05		363,575,246.05			14,500,000.00
Gloucester	148,100,000.00		148,100,000.00	4,543,396.00		11,743,696.00
Hudson	257,381,953.00		257,381,953.00			6,860,940.09
Hunterdon	69,726,000.00		69,726,000.00	5,492,825.00		7,264,000.00
Mercer	219,013,335.00		219,013,335.00	11,985,678.00		14,582,155.00
Middlesex	297,484,000.00		297,484,000.00			33,738,692.00
Monmouth	294,784,152.00		294,784,152.00	12,150,000.00	2,005,814.00	19,353,090.48
Morris	201,365,439.61		201,365,439.61			33,692,571.25
Ocean	278,876,987.00		278,876,987.00	32,116,696.00	11,370,000.00	13,188,775.00
Passaic	283,835,371.62		283,835,371.62			5,788,217.12
Salem	50,144,564.70		50,144,564.70			1,157,872.53
Somerset	169,929,100.00		169,929,100.00	13,520,471.00		19,204,237.50
Sussex	71,507,294.00	1,523.00	71,505,771.00	4,761,398.00	2,031,935.00	2,811,076.00
Union	265,056,170.00		265,056,170.00			11,828,740.96
Warren	67,913,287.00		67,913,287.00	5,427,526.00		8,248,168.79
TOTALS	$4,093,127,766.62	$101,523.00	$4,093,026,243.62	$127,520,296.57	$23,868,473.00	$261,648,100.96

Abstract of Ratables and Exemptions 2009 (continued)

Col. 12—APPORTIONMENT OF TAXES

Section C
Local Taxes to be Raised for

COUNTY	I DISTRICT SCHOOL PURPOSES (a) District School Budget (Adjusted by Addendum 1(b))	(b) Regional Consolidated and Joint School Budgets	(c) Local School Budget	II LOCAL MUNICIPAL PURPOSES (a) Local Municipal Budget (Adjusted by Addendum 1(c))	(b) Local Municipal Open Space
Atlantic	$ 343,928,185.50	$ 54,660,294.75	$ 5,910,275.00	$ 359,889,980.53	$ 538,885.00
Bergen	1,584,921,722.78	223,974,264.38	334,153.00	974,344,091.11	4,788,636.62
Burlington	507,797,257.50	160,920,723.06		199,781,754.32	8,030,188.00
Camden	517,448,242.32	57,203,375.00		254,507,506.35	2,141,375.01
Cape May	125,069,388.50	18,163,417.00		171,266,795.27	
Cumberland	58,033,039.50	8,402,700.39		55,637,067.59	
Essex	763,574,115.75	162,054,134.33	11,679,657.12	676,296,740.51	1,914,122.81
Gloucester	315,699,442.25	52,762,509.45		157,829,012.95	2,434,005.18
Hudson	360,056,282.50		19,069,664.76	542,054,559.52	599,615.00
Hunterdon	208,252,804.05	117,786,777.07		56,191,011.96	5,277,307.78
Mercer	257,639,302.00	265,358,499.43	751,135.00	243,413,512.21	6,014,048.43
Middlesex	1,173,582,580.37	53,587,325.82	592,773.57	534,438,173.62	6,573,333.66
Monmouth	841,689,069.88	311,192,559.17		437,737,532.88	12,756,331.51
Morris	825,903,286.30	250,108,333.94		410,489,390.01	11,273,262.20
Ocean	481,093,113.81	203,992,683.76	5,456,313.00	361,331,075.24	7,892,740.19
Passaic	483,090,132.50	45,438,337.00		377,558,400.14	1,704,110.00
Salem	45,821,464.50	18,491,357.49		18,193,839.89	565,085.32
Somerset	527,472,574.00	167,752,572.00		190,019,980.09	18,329,044.14
Sussex	188,588,371.00	70,732,646.45		91,439,917.68	1,031,698.53
Union	654,379,723.50	72,527,758.51	3,467,648.75	514,137,397.28	231,325.02
Warren	107,686,062.00	42,266,389.00		45,156,622.52	2,406,378.12
TOTALS	$10,371,726,160.51	$2,357,376,658.00	$47,261,620.20	$6,671,714,361.67	$94,501,492.52

Abstract of Ratables and Exemptions 2009 (continued)

	Col. 12	Col. 13			
	Section D Total Tax Levy on Which Tax Rate is Computed	REAL PROPERTY EXEMPT FROM TAXATION			
COUNTY	(Cols. AV + B(a), (b), (c) + CI(a), (b), (c) + CII(a), (b))	(a) Public School Property	(b) Other School Property	(c) Public Property	(d) Church and Charitable Property
Atlantic	$ 921,049,499.10	$ 970,150,300	$ 63,543,100	$ 2,999,776,100	$ 481,521,690
Bergen	3,146,595,636.04	2,858,030,400	886,441,100	6,727,915,700	1,652,463,300
Burlington	1,071,076,101.98	1,127,623,100	119,357,550	2,275,650,709	665,199,200
Camden	1,090,533,429.21	1,179,273,119	84,152,100	1,265,744,043	968,733,898
Cape May	418,248,391.49	403,444,600	35,420,200	2,645,956,300	537,831,100
Cumberland	208,194,026.11	286,472,600	22,803,800	829,607,300	160,956,800
Essex	1,993,594,016.57	2,176,178,396	1,304,406,526	6,633,763,567	1,831,518,823
Gloucester	693,112,061.83	493,462,200	155,124,820	506,129,650	314,458,150
Hudson	1,186,023,014.87	697,457,200	366,428,300	2,312,693,280	565,910,590
Hunterdon	469,990,725.86	372,363,546	2,085,500	1,010,492,140	237,932,840
Mercer	1,018,757,665.07	810,950,452	1,881,140,700	2,858,556,831	608,328,157
Middlesex	2,099,996,879.04	1,453,414,122	1,425,465,100	1,768,116,336	1,014,925,591
Monmouth	1,931,668,549.92	1,864,795,900	378,105,800	4,942,298,531	1,169,713,500
Morris	1,732,832,283.31	1,261,638,900	443,714,000	3,831,191,800	1,023,415,800
Ocean	1,395,318,384.00	1,249,607,286	306,442,944	4,646,266,374	777,390,996
Passaic	1,197,414,568.38*	1,009,188,200	255,726,900	2,461,739,980	824,611,300
Salem	134,374,184.43	179,055,500	11,319,800	239,193,300	119,009,821
Somerset	1,106,227,978.73	801,773,796	120,749,651	1,464,610,101	476,876,207
Sussex	432,902,813.66	319,692,676	37,782,800	1,021,592,776	208,364,005
Union	1,521,628,764.02	679,411,000	220,021,000	1,470,863,500	680,718,600
Warren	279,104,433.43	228,118,098	78,902,200	387,674,575	159,142,617
TOTALS	$24,048,643,407.05	$20,422,101,391	$8,199,133,891	$52,299,832,893	$14,479,022,985

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

Abstract of Ratables and Exemptions 2009 (continued)

	Col. 13			Col. 14	
	REAL PROPERTY EXEMPT FROM TAXATION			AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET	
COUNTY	(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	(b) Miscellaneous Revenues Anticipated
Atlantic	$ 17,546,900	$ 2,791,202,480	$ 7,323,740,570	$ 22,853,612.33	$ 98,722,651.07
Bergen	612,117,100	4,150,626,020	16,887,593,620	90,355,519.92	265,808,730.10
Burlington	23,002,300	786,129,942	4,996,962,801	61,332,120.04	122,544,807.44
Camden	55,396,400	1,199,740,032	4,753,039,592	28,159,085.40	277,199,932.82
Cape May	10,751,200	466,162,100	4,099,565,500	20,841,675.00	71,206,489.60
Cumberland	6,708,200	397,593,300	1,704,142,000	9,634,573.00	74,298,814.87
Essex	256,315,900	2,871,013,085	15,073,196,297	92,518,592.51	694,460,426.23
Gloucester	10,157,900	334,803,800	1,814,136,520	32,936,776.13	77,371,200.88
Hudson	67,642,500	4,552,055,289	8,562,187,159	26,101,419.00	573,372,055.76
Hunterdon	15,041,900	183,709,426	1,821,625,352	20,167,778.00	42,852,440.91
Mercer	32,196,800	788,033,580	6,979,206,520	25,559,286.12	266,617,815.82
Middlesex	120,574,400	1,582,185,308	7,364,680,857	62,408,269.62	326,760,416.29
Monmouth	156,901,400	2,224,238,500	10,736,053,631	92,010,360.57	217,854,506.72
Morris	71,773,300	781,399,900	7,413,133,700	69,194,286.39	159,171,290.23
Ocean	40,114,500	869,616,770	7,889,438,870	70,276,550.87	149,355,909.01
Passaic	141,377,700	946,100,803	5,638,744,883	27,182,293.39	209,085,968.07
Salem	3,708,900	218,117,145	770,404,466	11,990,605.82	34,595,739.37
Somerset	32,839,100	797,667,209	3,694,516,064	57,862,480.61	94,611,482.92
Sussex	6,334,600	205,565,900	1,799,332,757	13,344,634.34	32,852,951.42
Union	114,884,600	841,396,450	4,007,295,150	61,800,622.99	240,038,368.50
Warren	9,230,200	234,193,060	1,097,260,750	14,618,223.00	31,267,391.40
TOTALS	$1,804,615,800	$27,221,550,099	$124,426,257,059	$911,148,765.05	$4,060,049,389.43

Abstract of Ratables and Exemptions 2009 (continued)

	Col. 14		Col. 15		Col. 16
	AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET		DEDUCTIONS ALLOWED		
COUNTY	(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	Total Ratables Determined Pursuant to R.S. 54:1-35 After Equalization Under R.S. 54:1-33 and R.S. 54:1-34
Atlantic	$ 5,387,210.00	$ 126,963,473.40	$ 665,750	$ 2,161,250	$ 56,325,198,242
Bergen	47,741,293.65	403,905,543.67	1,841,375	6,757,750	182,371,579,460
Burlington	15,270,725.37	199,147,652.85	1,089,375	4,744,000	51,738,152,587
Camden	13,999,880.91	319,358,899.13	1,854,000	3,988,125	41,387,853,930
Cape May	5,003,314.62	97,051,479.22	357,075	1,370,660	53,329,159,993
Cumberland	4,689,615.00	88,623,002.87	728,875	1,126,500	9,401,484,100
Essex	53,189,497.00	840,168,515.74	763,375	2,674,975	96,001,549,631
Gloucester	12,673,660.99	122,981,638.00	977,750	2,797,900	28,930,885,891
Hudson	36,584,472.29	636,057,947.05	813,750	1,398,000	65,533,811,937
Hunterdon	6,400,924.55	69,421,143.46	158,125	987,500	23,804,699,662
Mercer	6,163,112.87	298,340,214.81	811,500	2,513,250	48,069,821,213
Middlesex	10,486,779.00	399,655,464.91	1,707,500	5,722,500	111,646,332,830
Monmouth	24,257,071.06	334,121,938.35	942,250	3,873,800	125,457,732,766
Morris	17,697,178.46	246,062,755.08	674,750	3,681,250	101,927,947,805
Ocean	23,064,721.00	242,697,180.88	3,036,125	8,979,500	106,905,224,492
Passaic	13,417,018.35	249,685,279.81	934,250	2,680,250	55,425,690,084
Salem	3,800,059.00	50,386,404.19	256,000	753,750	5,757,480,619
Somerset	10,350,612.76	162,824,576.29	480,750	2,045,500	63,119,309,989
Sussex	8,890,810.00	55,088,395.76	313,583	1,310,217	20,786,310,764
Union	20,794,161.00	322,633,152.49	1,141,875	3,322,500	75,366,371,266
Warren	5,875,131.15	51,760,745.55	284,250	1,009,875	13,359,077,413
TOTALS	$345,737,249.03	$5,316,935,403.51	$19,832,283	$63,899,052	$1,336,645,674,674

Abstract of Ratables and Exemptions 2009 (continued)

	Addendum 1			Addendum 2				
	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) Municipal R.E.A.P. Aid	(c) School R.E.A.P. Aid	(d) County R.E.A.P. Aid	(e) Total R.E.A.P. Aid
Atlantic								
Bergen		$ 219,049		$4,794,248,300	$ 928,643			$ 928,643
Burlington		38,395		230,279,950	108,257			108,257
Camden		495,008	$41,117	11,598,500	10,169			10,169
Cape May		8,871						
Cumberland		30,676						
Essex		1,528,717						
Gloucester		121,788		278,039,000	73,755			73,755
Hudson				2,841,370,475	4,790,587			4,790,587
Hunterdon								
Mercer		54,820						
Middlesex								
Monmouth								
Morris		571,093						
Ocean		11,292						
Passaic		46,995						
Salem		51,293		87,841,000	38,779			38,779
Somerset		182,588						
Sussex								
Union								
Warren								
TOTALS		$3,360,585	$41,117	$8,243,377,225	$5,950,190			$5,950,190

2009 Assessed Value of Partial Exemptions and Abatements
(Summary Addendum to Abstract of Ratables)

COUNTY	Pollution Control	Fire Suppression	Fallout Shelter	Water/ Sewage Facility	UEZ Abatement	Home Improvement	Multi-Family Dwelling	Class 4 Abatement
Atlantic	–	–	–	–	–	–	–	–
Bergen	–	$ 1,080,900	–	–	–	–	–	–
Burlington	$ 1,500,000	5,251,000	$ 2,500	–	$ 4,499,700	–	–	–
Camden	–	429,500	–	–	795,600	–	–	–
Cape May	–	–	1,000	–	–	–	–	–
Cumberland	2,497,300	–	–	–	4,617,400	–	–	–
Essex	458,000	469,400	–	–	355,277,700	–	–	–
Gloucester	45,133,100	–	204,600	–	–	–	–	–
Hudson	10,000	–	–	$2,500,000	–	$30,000	$6,350,300	–
Hunterdon	–	–	–	–	–	–	–	–
Mercer	–	4,078,700	100,600	–	45,334,240	–	–	–
Middlesex	9,785,100	33,800,400	–	–	–	–	–	–
Monmouth	–	1,820,200	–	2,102,400	–	–	–	–
Morris	198,400	6,061,200	–	151,300	–	–	–	–
Ocean	48,600	425,200	–	–	–	–	–	–
Passaic	–	499,600	–	–	–	–	–	–
Salem	–	–	–	–	–	–	–	–
Somerset	–	1,516,000	–	–	–	25,000	–	–
Sussex	–	–	–	–	–	–	–	–
Union	–	–	–	–	28,743,600	–	–	–
Warren	709,800	–	15,200	–	672,000	–	–	–
TOTALS	$60,340,300	$55,432,100	$323,900	$4,753,700	$439,940,240	$55,000	$6,350,300	–

2009 Assessed Value of Partial Exemptions and Abatements (continued)

(Summary Addendum to Abstract of Ratables)

COUNTY	Dwelling Abatement	Dwelling Exemption	New Dwelling/ Conversion Abatement	New Dwelling/ Conversion Exemption	Multiple Dwelling/ Abatement	Multiple Dwelling/ Exemption	Commercial/ Industrial Exemption	Total Assessed Value (Col. 3 of Abstract)
Atlantic	$ 30,000	$ 7,665,300	$ 2,379,000	$ 8,366,800	–	–	$ 3,746,200	$ 22,187,300
Bergen	389,400	6,713,800	–	–	–	–	135,400	8,319,500
Burlington	6,080,800	9,851,880	–	–	$ 6,750,000	–	48,798,300	82,734,180
Camden	4,168,600	26,955,500	–	–	–	–	30,961,900	63,311,100
Cape May	–	–	–	–	–	–	–	1,000
Cumberland	–	4,995,900	–	–	–	–	8,114,500	20,225,100
Essex	98,400	8,186,200	–	–	1,050,000	–	1,718,100	367,257,800
Gloucester	–	5,431,400	–	–	–	–	19,456,520	70,225,620
Hudson	26,397,000	57,555,000	71,172,400	–	8,229,900	$28,209,600	33,589,300	234,043,500
Hunterdon	482,000	–	–	–	–	–	10,934,100	11,416,100
Mercer	5,300	5,848,000	–	–	–	167,300	363,380	55,897,520
Middlesex	16,347,600	24,490,000	–	–	–	–	75,000	84,498,100
Monmouth	2,314,400	12,712,100	3,884,100	7,185,350	–	–	67,320,000	97,338,550
Morris	25,000	241,200	–	–	–	–	196,300	6,873,400
Ocean	–	714,300	–	–	–	–	–	1,188,100
Passaic	2,728,800	–	–	–	–	–	–	3,228,400
Salem	–	24,000	–	–	–	–	600,000	624,000
Somerset	2,164,000	4,819,150	–	–	–	–	154,400	8,678,550
Sussex	–	–	–	–	–	–	–	–
Union	–	–	–	–	–	–	3,120,000	31,863,600
Warren	–	–	–	–	–	–	800,700	2,197,700
TOTALS	$61,231,300	$176,203,730	$77,435,500	$15,552,150	$16,029,900	$28,376,900	$230,084,100	$1,172,109,120

Summary of 2009 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

	Col. 1	Col. 2								
		NUMBER OF DISPOSITIONS								
COUNTY	Total Number of Tax Appeals	Assessment Revised	Assessment Affirmed	Stipulated	Freeze Act	Dismissed With Prejudice	Dismissed Without Prejudice	Withdrawn	Property Tax Deduction Granted	Property Tax Deduction Denied
Atlantic	5,778	903	525	3,369	0	459	204	225	3	0
Bergen	7,242	1,764	687	1,816	0	359	2,249	272	2	2
Burlington	1,267	287	167	402	0	158	29	195	5	2
Camden	1,260	64	63	312	0	100	24	661	29	6
Cape May	1,865	412	137	913	0	143	145	102	4	0
Cumberland	533	43	22	362	0	11	31	41	16	0
Essex	6,494	355	270	3,091	0	602	1,680	400	38	8
Gloucester	643	115	19	259	0	8	42	178	9	0
Hudson	5,626	395	228	2,987	0	197	1,015	784	1	0
Hunterdon	738	69	26	330	0	31	98	180	0	0
Mercer	1,393	145	69	777	0	66	50	282	0	0
Middlesex	2,571	207	184	968	0	105	605	493	3	0
Monmouth	6,049	981	1,010	2,528	0	449	686	376	3	1
Morris	2,986	178	781	1,341	0	295	191	189	0	0
Ocean	14,195	4,684	457	6,044	0	1,277	829	859	29	4
Passaic	4,376	892	436	968	0	311	1,054	89	2	0
Salem	312	39	140	80	0	27	8	14	0	0
Somerset	1,169	135	101	689	0	58	108	75	1	1
Sussex	1,476	256	259	456	0	184	93	221	0	0
Union	2,047	47	91	831	0	106	749	223	0	0
Warren	699	7	39	243	0	34	9	361	0	1
TOTALS	68,719	11,978	5,711	28,766	0	4,980	9,899	6,220	145	25

Summary of 2009 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

	Col. 2					Col. 3			
	NUMBER OF DISPOSITIONS					NUMBER OF APPEALS IN EACH CLASS OF PROPERTY			
						Class 1	Class 2	Class 3A	Class 3B
COUNTY	Farmland Assessment Granted	Farmland Assessment Denied	Classification	R.E.A.P. Credit	Other	Vacant Land	Residential	Farm Regular	Farm Qualified
Atlantic	0	0	0	0	90	800	4,470	11	1
Bergen	0	0	0	0	91	424	5,972	0	4
Burlington	1	6	15	0	0	144	948	12	12
Camden	0	0	1	0	0	370	749	1	1
Cape May	4	1	4	0	0	297	1,493	5	0
Cumberland	2	0	5	0	0	138	321	6	4
Essex	0	0	0	0	50	463	4,862	0	0
Gloucester	0	1	9	0	3	194	363	8	4
Hudson	0	0	18	1	0	230	4,017	0	0
Hunterdon	0	0	3	0	1	233	436	16	4
Mercer	0	0	0	0	4	397	822	4	3
Middlesex	2	0	4	0	0	695	1,419	8	0
Monmouth	4	9	2	0	0	940	4,725	34	7
Morris	1	7	3	0	0	772	1,992	14	0
Ocean	0	0	12	0	0	2,456	11,338	18	2
Passaic	0	0	0	0	624	293	3,225	4	0
Salem	0	2	1	0	1	79	190	11	2
Somerset	0	0	1	0	0	97	896	9	9
Sussex	1	3	1	0	2	339	1,013	36	8
Union	0	0	0	0	0	89	1,189	0	0
Warren	0	0	5	0	0	427	218	15	13
TOTALS	15	29	84	1	866	9,877	50,658	212	74

Summary of 2009 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

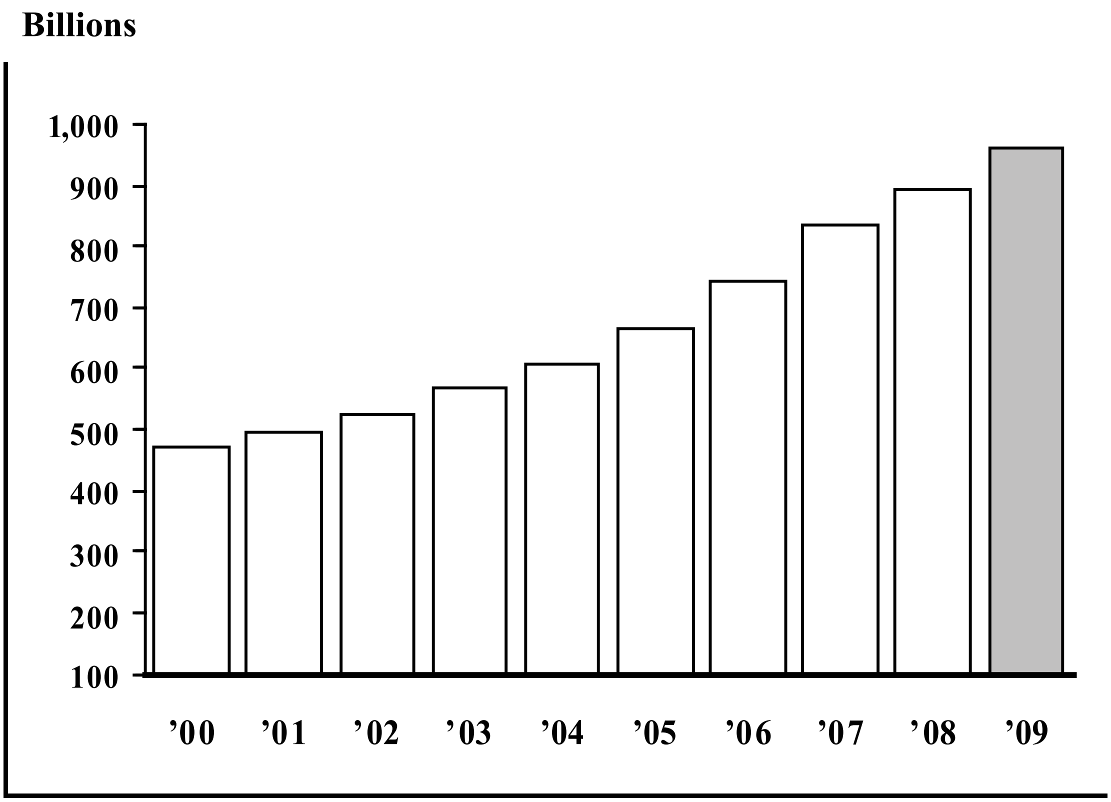
	Col. 3		Col. 4	Col. 5	Col. 6	Col. 7
	NUMBER OF APPEALS IN EACH CLASS OF PROPERTY					
COUNTY	Class 4 Commercial Industrial Apartment	Other	Original Amount of Assessments	Total Assessment Reductions Granted	Total Assessment Increases Granted	Net Total Assessments (Col. 4 – 5 + 6)
Atlantic	489	7	$ 2,536,744,169	$ 289,041,750	$ 1,292,000	$ 2,248,994,419
Bergen	817	25	5,941,254,467	427,866,294	8,602,287	5,521,990,460
Burlington	140	11	664,184,514	43,756,677	569,409	620,997,246
Camden	139	0	342,827,750	21,423,750	46,300	321,450,300
Cape May	70	0	1,149,946,900	119,931,900	318,200	1,030,333,200
Cumberland	60	4	102,692,400	22,202,100	257,400	80,747,700
Essex	1,164	5	3,067,105,250	254,369,414	1,085,100	2,813,820,936
Gloucester	73	1	192,084,858	15,815,194	150,300	176,419,964
Hudson	1,308	71	1,522,506,936	168,434,036	739,248	1,354,812,148
Hunterdon	49	0	379,290,250	22,745,150	618,800	357,163,900
Mercer	161	6	528,151,655	52,910,860	6,682,800	481,923,595
Middlesex	448	1	942,794,500	56,991,159	63,500	885,866,841
Monmouth	339	4	4,692,119,300	285,230,772	2,390,900	4,409,279,428
Morris	206	2	1,635,128,357	144,400,295	12,248,063	1,502,976,125
Ocean	371	10	5,726,634,770	520,419,751	2,107,451	5,208,322,470
Passaic	853	1	1,652,845,200	112,870,518	735,300	1,540,709,982
Salem	30	0	88,304,500	3,915,900	3,200	84,391,800
Somerset	156	2	861,819,706	79,153,270	1,154,600	783,821,036
Sussex	77	3	485,558,927	38,654,285	313,599	447,218,241
Union	767	2	513,286,200	40,140,960	24,400	473,169,640
Warren	24	2	127,785,250	13,452,125	333,950	114,667,075
TOTALS	7,741	157	$33,153,065,859	$2,733,726,160	$39,736,807	$30,459,076,506

Summary of 2009 County Tax Board Appeals Reported
Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 8

	NUMBER OF APPEALS IN EACH FILING FEE CATEGORY							
COUNTY	$5	$25	$100	$150	Classification $25	Other $25	No Fee	Total
Atlantic	1,168	3,399	846	265	0	1	99	5,778
Bergen	253	3,363	1,967	884	3	0	772	7,242
Burlington	111	722	173	89	17	0	155	1,267
Camden	570	404	175	35	0	0	76	1,260
Cape May	225	799	564	247	11	0	19	1,865
Cumberland	238	224	14	7	8	0	42	533
Essex	2,139	2,273	1,275	454	0	0	353	6,494
Gloucester	237	288	28	16	10	0	64	643
Hudson	1,987	3,046	315	93	0	13	172	5,626
Hunterdon	102	368	210	32	7	19	0	738
Mercer	483	537	224	59	8	0	82	1,393
Middlesex	982	1,223	210	70	0	0	86	2,571
Monmouth	660	2,522	1,747	916	16	10	178	6,049
Morris	674	1,168	834	280	9	3	18	2,986
Ocean	3,155	7,525	2,360	632	289	2	232	14,195
Passaic	900	2,666	546	85	0	0	179	4,376
Salem	136	146	9	8	6	1	6	312
Somerset	201	422	195	120	2	0	229	1,169
Sussex	259	852	236	19	7	4	99	1,476
Union	837	972	177	23	1	0	37	2,047
Warren	392	241	34	3	0	1	28	699
TOTALS	15,709	33,160	12,139	4,337	394	54	2,926	68,719

Total Taxable Value
Land and Improvements in New Jersey
2000 – 2009



2009 County Values

Atlantic	$ 46,322,776,800	Middlesex	$ 48,545,650,513
Bergen	157,897,419,371	Monmouth	106,105,501,250
Burlington	38,845,587,497	Morris	78,958,224,133
Camden	26,439,305,477	Ocean	89,154,180,829
Cape May	53,497,454,547	Passaic	33,894,212,020
Cumberland	5,844,121,050	Salem	4,863,855,699
Essex	69,256,109,783	Somerset	55,723,217,458
Gloucester	17,003,831,626	Sussex	17,098,702,859
Hudson	22,168,761,115	Union	24,062,408,850
Hunterdon	21,200,745,838	Warren	10,355,720,297
Mercer	31,258,700,088	**Total**	**$958,496,487,100**

Taxes Administered by the Public Utility Tax Section for 2010 (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	18	$ 606,109	$ 1,676,567	$ 3,112,327	NA	NA	NA
Water Companies	35	12,633,112	36,743,644	58,416,372	NA	NA	NA
Energy Companies	17	NA	NA	NA	$227,483,380	$114,942,046	$479,026,878
Telephone Companies	3	NA	NA	NA	NA	2,109,029	NA
Totals	73	$13,239,221	$38,420,211	$61,528,699	$227,483,380	$117,051,075	$479,026,878

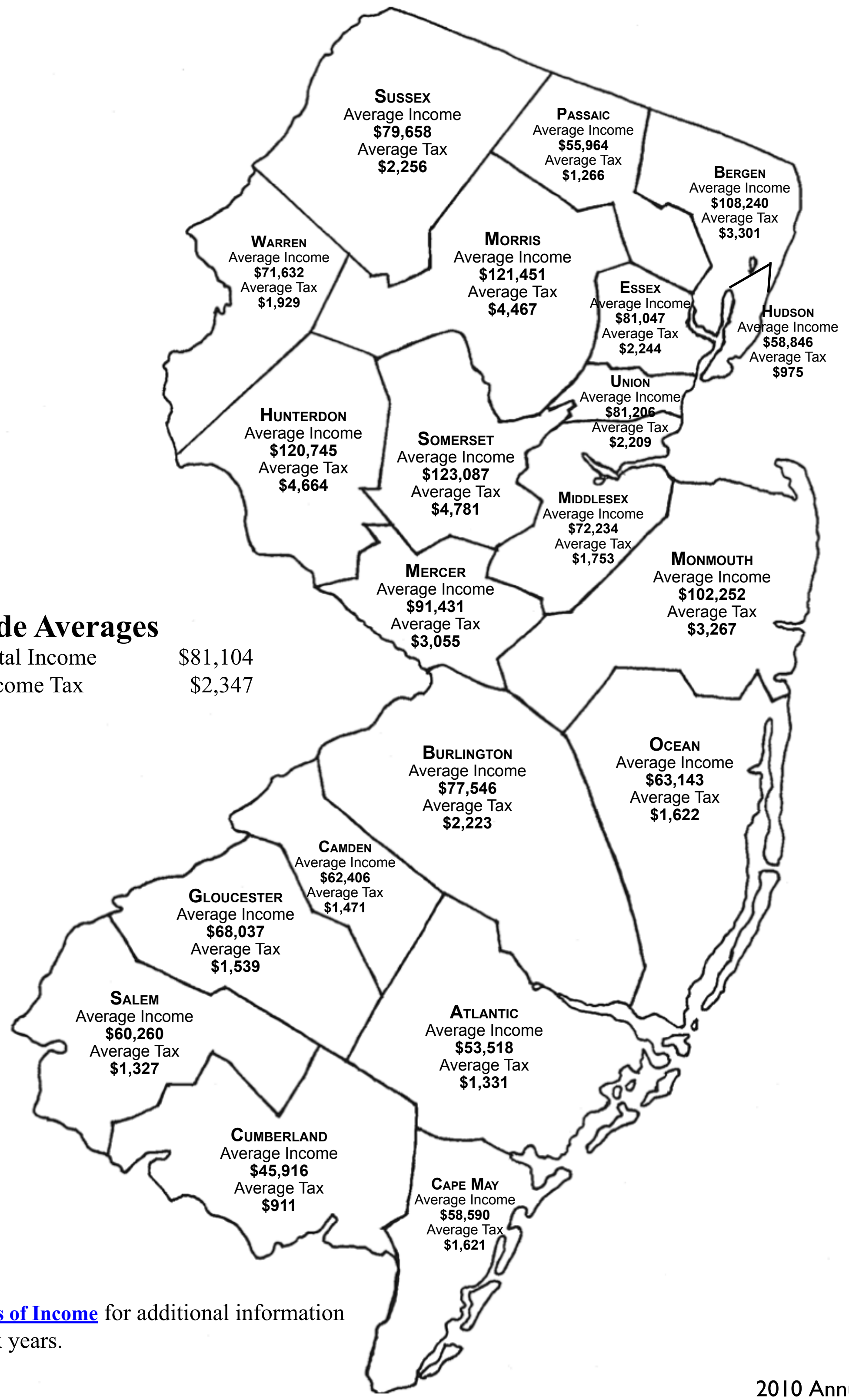
Total Net Tax Assessed $936,749,464

Individual Income Tax Returns
County Profile 2008*

County	No. of Returns	NJ Taxable Income	Net Charged Tax
Atlantic	120,123	$ 5,376,066,530	$ 154,717,810
Bergen	398,701	37,832,419,862	1,294,232,636
Burlington	190,847	12,317,134,431	396,929,702
Camden	214,333	11,353,332,859	306,517,250
Cape May	41,452	1,979,447,497	62,697,685
Cumberland	59,386	2,291,067,340	54,279,484
Essex	315,640	23,050,851,897	734,095,127
Gloucester	121,113	6,783,985,987	173,459,631
Hudson	259,893	13,425,034,124	245,259,921
Hunterdon	54,855	5,653,366,500	238,898,211
Mercer	148,168	11,873,401,168	442,951,654
Middlesex	344,265	21,044,965,121	576,426,900
Monmouth	275,734	24,194,369,546	861,453,416
Morris	217,380	22,531,233,260	899,532,995
Ocean	244,479	11,755,092,556	346,605,193
Passaic	216,094	10,280,779,927	269,064,107
Salem	26,726	1,316,142,806	33,197,324
Somerset	142,956	15,482,862,727	658,091,686
Sussex	63,415	4,258,219,917	137,191,306
Union	232,163	16,306,179,105	500,138,076
Warren	45,277	2,635,170,850	80,458,240
County Unknown	240,813	15,643,352,569	581,014,358
Totals	3,973,813	$277,384,476,579	$9,047,212,711

*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 2008*



Statewide Averages

Average Total Income	$81,104
Average Income Tax	$2,347

*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 2007–2009
(Dollar Amounts in Thousands)

Business Type	Number of Vendors			Total Collections			% Change	
	2007	**2008**	**2009**	**2007**	**2008**	**2009**	**2007–2008**	**2008–2009**
Exempt Organizations	787	782	771	$ 5,927	$ 6,369	$ 8,359	7.5%	31.2%
Manufacturing	20,654	21,264	21,184	471,065	499,083	428,372	5.9	-14.2
Service	88,439	89,761	88,425	2,345,507	2,220,066	2,062,470	-5.3	-7.1
Wholesale	11,435	11,461	11,129	364,652	342,822	313,360	-6.0	-8.6
Construction	19,225	19,106	18,330	182,001	178,290	147,488	-2.0	-17.3
Retail	77,543	74,460	70,581	4,380,773	4,152,128	3,837,015	-5.2	-7.6
Government	44	32	31	3,309	1,060	2,885	-68.0	172.1
Not Classified	9,200	9,267	10,315	129,051	150,742	128,922	16.8	-14.5
Totals	**227,327**	**226,133**	**220,766**	**$7,882,285**	**$7,550,560**	**$6,928,872**	**-4.2%**	**-8.2%**

2010 Major Taxes
Comparison with Nearby States

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
CORPORATION NET INCOME	7.5%	8.7%	8.25%	9.5%	**6.5%, 7.5%, 9%**	7.1%	8.85%	0.26%[1]	9.99%

[1] Of apportioned gross receipts.

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
PERSONAL INCOME[1]	*3%– 6.5%	*0%– 6.95%	*2%– 6.25%	5.3%	***1.4%– 8.97%**	*4%– 8.97%	*2.55%– 3.4%	*0.618%– 6.24%	3.07%

*Graduated Rates

[1] Personal income taxes differ by more than rates. See **Individual Income Tax Provisions in the States**, prepared by Rick Olin and Sandy Swain, Wisconsin Legislative Fiscal Bureau, January 2011.

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
MOTOR FUEL[1]									
• **Excise Tax/Gal.**									
Gasoline	$0.25	$0.23	$0.235	$0.21	**$0.145**[3]	$0.403	0	$0.28	$0.312
Diesel	$0.396[2]	$0.22	$0.2425	$0.21	**$0.175**	$0.3855	0	$0.28	$0.381
• **Sales Tax**	6%	None	6%	6.25%	**0**	4%	4.875%	5.5%	6%

[1] Sources: International Fuel Tax Association, Inc., **2nd Quarter 2010 Final Fuel Tax Rates**, and Federation of Tax Administrators, **State Motor Fuel Tax Rates**, January 1, 2011.

[2] Effective July 1, 2010.

[3] Liquefied petroleum gas and compressed natural gas used in motor vehicles on public highways is taxed at ½ the general motor fuels tax rate ($0.0525 per gallon).

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
ALCOHOL									
• **Excise Tax/Gal.**									
Beer	$0.20	$0.16	$0.09	$0.11	**$0.12**	$0.14	$0.26[1]	$0.18	$0.08
Wine	$0.60– $1.50	$0.97	$0.40	$0.55– $0.70	**$0.875**	$0.30	$0.30	$0.30– $1.48	See Footnote 3
Liquor	$2.05, $4.50	$3.64– $5.46	$1.50	$1.10– $4.05	**$5.50**	$2.54, $6.44	$3.54, $7.44[1]	See Footnotes 2 and 3	See Footnote 3
• **Sales Tax**	6%	None	6%	6.25%	**7%**	4%	8.875%[1]	5.5%	6%

[1] New York City rate includes New York State rate.

[2] Ohio Department of Liquor Control must pay the State Treasury $3.38 for each gallon sold.

[3] In these states, the government directly controls all sales. Revenue is generated from various taxes, fees, and net profits.

	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
TOBACCO									
• **Excise Tax**									
Cigarettes (20/pack)	$3.00	$1.60	$2.00	$2.51	**$2.70**	$4.35	$1.50	$1.25	$1.60
Other Tobacco (% of Wholesale Price)	27.5%	15%	15%	90%	**30%**	75%	75%	17%	0
• **Sales Tax**	6%	None	6%	6.25%	**7%**	4%	4.875%	5.5%	6%

2010 Major Taxes
Comparison with Nearby States (continued)

SALES AND USE	CT	DE	MD	MA	NJ	NY State	NY City	OH	PA
YEAR OF ADOPTION	1947	–	1947	1966	**1966**	1965	1965	1934	1953
CURRENT RATE	6%	None	6%	6.25%	**7%**	4%[1]	8.875%[2]	5.5%[3]	6%[4]

[1] State rate is 4%; counties and municipalities may impose additional tax up to 4.125% plus an additional metropolitan area surcharge of .25%.
[2] New York City rate includes New York State rate.
[3] State rate is 5.5%; each county may impose an additional 1.5%.
[4] State rate is 6%; City of Philadelphia imposes an additional 1% for a total of 7%.

SALES AND USE TAX EXEMPTIONS
(T—Taxable; E—Exempt)

	CT	DE*	MD	MA	NJ	NY	NYC	OH	PA
Beer On–Premises	T	E	T	T	**T**	T	T	T	T
Beer Off–Premises	T	E	T	T	**T**	T	T	T	T
Cigarettes	T	E	T	T	**T**	T	T	T	T
Clothing	E[1]	E	T	E[2]	**E**	T	T	T	E
Food Off–Premises	E[3]	E	E[3]	E[3]	**E**[4]	E[3]	E[3]	E[3]	E[3]
Liquor On–Premises	T	E	T	T	**T**	T	T	T	T
Liquor Off–Premises	T	E	T	T	**T**	T	T	T	T
Manufacturing Equipment	E	E	E	E	**E**	E	E	E	E
Motor Fuels	E	E	E	E[5]	**E**	T	T	E	E

*Delaware does not impose sales and use taxes. Gross receipts taxes of varying amounts (less than 1%) imposed on different types of sales.
[1] Single article under $50; however, single article $50 or over is taxable.
[2] Single article $175 and under; however, single article over $175 is taxed on the amount in excess of $175.
[3] If purchase is in same form and condition as found in supermarket; however, prepared food ready to be eaten and snack food are subject to tax.
[4] If purchase is of food and food ingredients and dietary supplements; however, prepared food, candy, and soft drinks are subject to tax.
[5] If fuel is subject to excise tax. If not for "on-road use," it is not subject to excise tax and, therefore, subject to sales tax. Example: Contractor has a bulldozer for "off-road use" which runs on diesel fuel. The fuel is not subject to excise tax; therefore, it is now subject to sales tax, unless used in performance of a government contract.

Major State Tax Rates
(On July 1, 2010)

State	Personal Income[1] (%)	Corporation Net Income (Excluding Surtax) (%)	Sales (%)	Motor Fuels[2] (Per Gallon) ($)	Cigarettes (20–Pack) ($)
Alabama	*2%–5%	6.5%	4%	$0.16	$0.425
Alaska	None	*1–9.4	None	0.08	2.00
Arizona	*2.59–4.54	6.968	6.6	0.26	2.00
Arkansas	*1–7	*1–6.5	6	0.215	1.15
California	*1.25–9.55	8.84	8.25	0.373	0.87
Colorado	4.63	4.63	2.9	0.22	0.84
Connecticut	*3–6.5	7.5	6	0.25	3.00
Delaware	*0–6.95	8.7	None	0.23	1.60
Dist. of Columbia	*4–8.5	9.975	6	0.235	2.50
Florida	None	5.5	6	0.2957	1.339
Georgia	*1–6	6	4	0.145	0.37
Hawaii	*1.4–11	*4.4–6.4	4	0.17	3.00
Idaho	*1.6–7.8	7.6	6	0.25	0.57
Illinois	3	4.8	6.25	0.313	0.98
Indiana	3.4	8.5	7	0.18	0.995
Iowa	*0.36–8.98	*6–12	6	0.21	1.36
Kansas	*3.5–6.45	4	6.3	0.24	0.79
Kentucky	*2–6	*4–6	6	0.266	0.60
Louisiana	*2–6	*4–8	4	0.20	0.36
Maine	*2–8.5	*3.5–8.93	5	0.307	2.00
Maryland	*2–6.25	8.25	6	0.235	2.00
Massachusetts	5.3	8.75	6.25	0.21	2.51
Michigan	4.35	4.95	6	0.297	2.00
Minnesota	*5.35–7.85	9.8	6.875	0.271	1.56
Mississippi	*3–5	*3–5	7	0.18	0.68

Major State Tax Rates (continued)
(On July 1, 2010)

State	Personal Income[1] (%)	Corporation Net Income (Excluding Surtax) (%)	Sales (%)	Motor Fuel[2] (Per Gallon) ($)	Cigarettes (20–Pack) ($)
Missouri	*1.5%–6%	6.25%	4.225%	$0.17	$0.17
Montana	*1–6.9	6.75	None	0.2775	1.70
Nebraska	*2.56–6.84	*5.58–7.81	5.5	0.268	0.64
Nevada	None	None	6.85	0.23	0.80
New Hampshire	5[3]	8.5	None	0.18	1.78
New Jersey	***1.4–8.97**	**6.5, 7.5, 9**	**7**	**0.145**	**2.70**
New Mexico	*1.7–4.9	*4.8–7.6	5.125	0.21	1.66
New York	*4–8.97	7.1	4	0.403	4.35
North Carolina	*6–7.75	6.9	5.75	0.303	0.45
North Dakota	*2.67–12	*2.1–6.4	5	0.23	0.44
Ohio	*0.712–7.185	0.26[4]	5.5	0.28	1.25
Oklahoma	*0.5–5.25	6	4.5	0.16	1.03
Oregon	*5–11	6.6, 7.9	None	0.30	1.18
Pennsylvania	3.07	9.99	6	0.312	1.60
Rhode Island	*3.75–9.9[5]	9	7	0.32	3.46
South Carolina	*0–7	5	6	0.16	0.57
South Dakota	None	None	4	0.22	1.53
Tennessee	6[3]	6.5	7	0.20	0.62
Texas	None	*0.5–1.0	6.25	0.20	1.41
Utah	5	5	4.7	0.245	1.70
Vermont	*3.55–9.4	*6–8.5	6	0.29	2.24
Virginia	*2–5.75	6	4	0.175	0.30
Washington	None	None	6.5	0.375	3.025
West Virginia	*3–6.5	8.5	6	0.322	0.55
Wisconsin	*4.6–7.75	7.9	5	0.329	2.52
Wyoming	None	None	4	0.14	0.60

*Graduated Rates

[1] Personal income taxes differ by more than rates. See **Individual Income Tax Provisions in the States**, prepared by Rick Olin and Sandy Swain, Wisconsin Legislative Fiscal Bureau, January 2011.

[2] Sources: International Fuel Tax Association, Inc., **2nd Quarter 2010 Final Fuel Tax Rates**, and Federation of Tax Administrators, **State Motor Fuel Tax Rates**, January 1, 2011.

[3] Imposed on interest and dividend income only.

[4] Of apportioned gross receipts.

[5] Or 25% of Federal income tax liability.

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