
2008 Annual Report

State of New Jersey
Department of the Treasury
Division of Taxation

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New Jersey Division of Taxation

TAXES AND PROGRAMS ADMINISTERED

Table 1—Major State Revenue Collections (Net) Fiscal Years 2006–2008

Revenue Source	2008 ¹	% of Total	2007	% of Total	2006	% of Total	% Change 2007–08
Collected by the Division:							
Alcoholic Beverage Tax (total revenue)	\$ 104,101,187	0.3%	\$ 103,293,428	0.4%	\$ 101,964,933	0.4%	0.8%
Casino Parking Fee ²	29,297,321	0.1	31,260,801	0.1	18,077,080	0.1	-6.3
Cigarette Tax (total revenue)	774,991,458	2.5	770,582,903	2.6	787,599,472	3.0	0.6
Corporation Taxes:							
Corporation Business ³	3,062,378,874	10.1	3,084,921,689	10.5	3,007,830,476	11.4	-0.7
CBT Banks & Financials	70,850,577	0.2	123,007,092	0.4	153,839,428	0.6	-42.4
Cosmetic Medical Procedures Tax	11,296,929	0.0	11,193,248	0.0	9,914,307	0.0	0.9
Domestic Security Fee	22,634,186	0.1	19,894,978	0.1	23,352,332	0.1	13.8
Environmental Taxes:							
Landfill Closure and Contingency	1,816,196	0.0	1,966,893	0.0	2,060,434	0.0	-7.7
Litter Control	16,771,223	0.1	17,434,945	0.1	16,069,457	0.1	-3.8
Public Community Water Systems	3,367,684	0.0	2,992,211	0.0	2,438,483	0.0	12.5
Solid Waste Services	3,734,518	0.0	6,025,242	0.0	5,679,032	0.0	-38.0
Spill Compensation	24,533,624	0.1	23,241,978	0.1	23,687,278	0.1	5.6
Fur Clothing Retail Gross Receipts/Use Tax ⁴	1,640,017	0.0	1,858,940	0.0	-	-	-11.8
Gross Income Tax	12,605,545,164	41.4	11,727,192,312	40.0	10,506,564,988	39.8	7.5
Hotel/Motel Occupancy Fee/Tax	86,285,708	0.3	84,194,930	0.3	78,949,297	0.3	2.5
Insurance Premiums Tax	542,920,068	1.8	478,699,795	1.6	537,118,903	2.0	13.4
Medical Malpractice Fund Assessments ⁵	19,883	0.0	1,989,275	0.0	2,091,421	0.0	-99.0
Miscellaneous Revenues	0	0.0	0	0.0	865,717	0.0	NA
Mobile Telecommunications (9-1-1) Fee	130,245,001	0.4	128,860,813	0.4	123,778,272	0.5	1.1
Motor Fuels Tax	563,266,276	1.8	561,518,893	1.9	550,908,041	2.1	0.3
Motor Vehicle Tire Fee	9,637,313	0.0	9,817,331	0.0	9,970,498	0.0	-1.8
Nursing Home Provider Assessment (tot. rev.)	135,065,102	0.4	134,227,449	0.5	135,203,228	0.5	0.6
Petroleum Products Tax	230,666,835	0.8	232,441,546	0.8	224,843,155	0.9	-0.8
Public Utility Excise Tax	12,233,800	0.0	10,751,530	0.0	10,931,381	0.0	13.8
Railroad Franchise Tax	1,475,858	0.0	1,498,008	0.0	1,257,669	0.0	-1.5
Railroad Property Tax	2,998,642	0.0	4,297,470	0.0	3,478,869	0.0	-30.2
Sales Taxes:							
Sales and Use ³	8,915,515,422	29.3	8,609,639,460	29.4	6,853,417,869	26.0	3.6
Atlantic City Lux & Promo (Loc. Use)	27,351,847	0.1	28,346,333	0.1	26,949,448	0.1	-3.5
Tobacco Products Wholesale	14,360,266	0.0	13,745,927	0.0	13,840,113	0.1	4.5
Cape May County Tourism (Loc. Use)	5,914,020	0.0	4,866,722	0.0	5,697,761	0.0	21.5
Savings Institution Tax ⁶	68,234	0.0	358	0.0	21,909	0.0	NA
Transfer Inheritance and Estate Taxes	698,694,013	2.3	604,700,439	2.1	610,847,697	2.3	15.5
Revenue Collected by the Division	\$28,109,677,246	92.3%	\$26,834,462,939	91.6%	\$23,849,248,948	90.3%	4.8%
Collected Outside the Division:							
State Athletic Control Board (tot. rev.)	\$ 1,312,623	0.0%	\$ 594,597	0.0%	\$ 862,357	0.0%	120.8%
Casino Revenue ⁷	412,986,637	1.4	450,115,070	1.5	502,296,968	1.9	-8.2
Casino Control	72,972,975	0.2	75,645,709	0.3	68,049,750	0.3	-3.5
Lottery	882,058,235	2.9	828,326,155	2.8	844,155,935	3.2	6.5
Motor Vehicle Fees (total revenue)	469,743,354	1.5	488,109,457	1.7	478,883,888	1.8	-3.8
Outdoor Advertising (total revenue) ⁸	2,229,423	0.0	5,710,840	0.0	9,363,048	0.0	-61.0
Realty Transfer (total revenue)	517,404,936	1.7	615,374,934	2.1	655,488,165	2.5	-15.9
Revenue Collected Outside the Division	\$ 2,358,708,183	7.7%	\$ 2,463,876,762	8.4%	\$ 2,559,100,111	9.7%	-4.3%
Total Major State Revenue Collections	\$30,468,385,429	100.0%	\$29,298,339,701	100.0%	\$26,408,349,059	100.0%	4.0%

¹ The 2008 figures are subject to adjustment.² 16.7% of the Casino Parking Fee for Fiscal Years 2007 and 2008 (50% for 2006) was deposited into the Casino Revenue Fund (P.L. 2003, C. 116).³ Includes the on-budget amount of energy tax for sales tax and CBT.⁴ Initiated on July 8, 2006, and effective on July 15, 2006.⁵ Figure includes only Attorney Fee collections. Expired after calendar year 2006.⁶ Repealed for privilege periods/taxable years beginning after 2001; entries reflect prior-year adjustments.⁷ Figure includes Atlantic City Casino Taxes and Fees, including 16.7% of the Casino Parking Fee for Fiscal Years 2007 and 2008 (50% for 2006).⁸ 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	Tax	N.J.S.A. Citation
Alcoholic Beverage Tax.....	54:41-1 <i>et seq.</i>	Motor Vehicle Tire Fee	54:32F-1 <i>et seq.</i>
Atlantic City Casino Taxes and Fees	5:12-148.1 to 5:12-148.3 5:12-148.8 5:12-173.2	9-1-1 System and Emergency Response Assessment.....	52:17C-17 <i>et seq.</i>
Atlantic City Luxury Sales Tax.....	40:48-8-15 <i>et seq.</i> 54:32B-24.1 <i>et seq.</i>	Nursing Home Assessment	26:2H-92 <i>et seq.</i>
Atlantic City Tourism Promotion Fee.....	40:48-8.45 <i>et seq.</i>	Outdoor Advertising Fee.....	54:4-11.1 <i>et seq.</i>
Cape May County Tourism Sales Tax.....	40:54D-1 to 10	Petroleum Products Gross Receipts Tax.....	54:15B-1 <i>et seq.</i>
Cigarette Tax	54:40A-1 <i>et seq.</i> 56:7-18 <i>et seq.</i>	Property Tax Relief Programs.....	54:4-8.67 <i>et seq.</i> Homestead Rebate..... 54:4-8.57 <i>et seq.</i> NJ SAVER Rebate..... 54:4-8.58a and 54:4-8.58b Property Tax Reimbursement.....
Corporation Business (Net Income and Net Worth) Tax	54:10A-1 <i>et seq.</i> CBT Banking Corporation	Public Community Water System Tax.....	58:12A-1 <i>et seq.</i>
CBT Banking Corporation	54:10A-1 <i>et seq.</i>	Public Utility Taxes:	
CBT Financial Corporation	54:10A-1 <i>et seq.</i>	Public Utility Excise, Franchise, and Gross Receipts Taxes.....	54:30A-49 <i>et seq.</i>
Cosmetic Medical Procedures Gross Receipts Tax.....	54:32E-1 <i>et seq.</i>	Railroad Franchise Tax.....	54:29A-1 <i>et seq.</i>
Domestic Security Fee.....	App.A:9-78	Railroad Property Tax.....	54:29A-1 <i>et seq.</i>
Fur Clothing Retail Gross Receipts Tax and Use Tax.....	54:32G-1 <i>et seq.</i>	Realty Transfer Fee.....	46:15-5 <i>et seq.</i>
Gross Income Tax	54A:1-1 <i>et seq.</i>	Sales and Use Tax	54:32B-1 <i>et seq.</i>
Hotel/Motel Occupancy Fee and Municipal Occupancy Tax	54:32D-1 <i>et seq.</i>	Savings Institution Tax.....	54:10D-1 <i>et seq.</i>
Insurance Premiums Tax.....	54:16-1 <i>et seq.</i> 54:16A-1 <i>et seq.</i> 54:17-4 <i>et seq.</i> 54:18A-1 <i>et seq.</i>	Solid Waste Services Tax	13:1E-1 <i>et seq.</i>
Landfill Closure and Contingency Tax	13:1E-100 <i>et seq.</i>	Spill Compensation And Control Tax	58:10-23.11 <i>et seq.</i>
Litter Control Fee.....	13:1E-213 <i>et seq.</i>	Tobacco Products Wholesale Sales and Use Tax	54:40B-1 to 14
Local Property Tax.....	54:4-1 <i>et seq.</i>	Transfer Inheritance and Estate Taxes:	
Medical Malpractice Fund Assessments.....	17:30D-29	Transfer Inheritance.....	54:33-1 <i>et seq.</i>
Motor Fuels Tax	54:32F-1 <i>et seq.</i>	Estate	54:38-1 <i>et seq.</i>
		Transitional Energy Facility Assessment.....	54:30A-100 <i>et seq.</i>
		Uniform Transitional Utility Assessment.....	54:30A-114 <i>et seq.</i>

Alcoholic Beverage Tax

Description

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

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

Rate

<i>Type of Beverage</i>	<i>Rate per Gallon</i>
Beer	\$0.12
Liquor	\$4.40
Still Wine, Vermouth, Sparkling Wine	\$0.70

P.L. 1997, C. 153, reduced the tax rate on hard apple ciders containing between 3.2% and 7% of alcohol by volume from \$0.70/gallon to \$0.12/gallon, effective November 1, 1997. Hard apple cider containing over 7% alcohol by volume is taxed at \$0.70 per gallon.

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 \$2.575 per pack of 20 cigarettes effective July 15, 2006.

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. 2006, C. 37, initial collections of \$365 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:

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

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

For 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 $\frac{8}{10}$ mills per \$1 to 2 mills per \$1.

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

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

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

Net Income Tax rates have changed as follows:

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

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

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

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

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

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

The legislature continued to provide additional tax benefits for corporation business taxpayers. These include a tax benefit certificate transfer program to assist certain emerging companies (C. 334, P.L. 1997), later modified by P.L. 1999, C. 140 and P.L. 2004, C. 65, and supplemented by a credit transfer program P.L. 2004, C. 65, the Small New Jersey Based High Technology Business Investment Tax Credit Act (C. 349, P.L. 1997), the carry-forward 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.

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.

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.

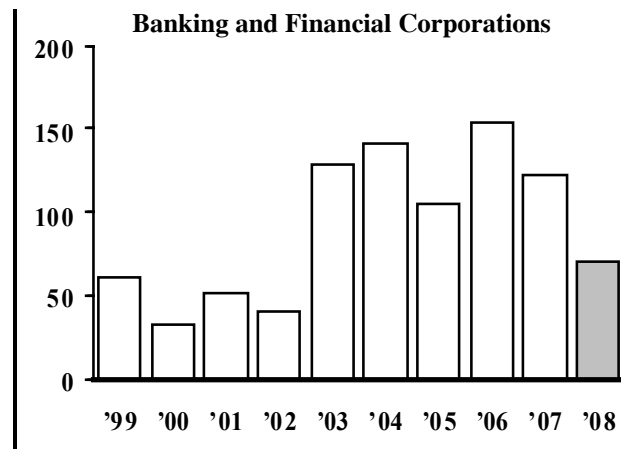
Chapter 170, P.L. 1975, provides that during each of privilege years 1976, 1977, and 1978, the amount paid by each banking corporation as taxes shall be the greater of (1) the amount which such banking corporation paid in calendar year 1975 as Bank Stock Tax, or (2) a sum equal to total of taxes paid 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
1999	\$ 61,716,112
2000	33,483,692
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

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.

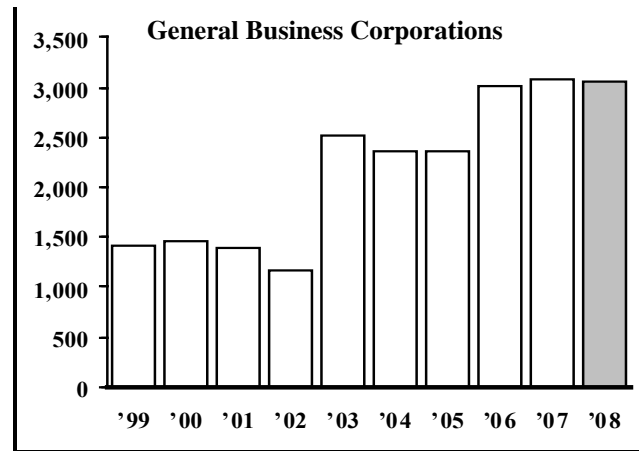
The Business Tax Reform Act (P.L. 2002, C. 40) imposes a “throwout rule” on corporations apportioning income outside the State. The tax effect of the throwout rule on an affiliated or controlled group having \$20 million or more in net income is capped at \$5 million.

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

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



Fiscal Year	Collections
1999	\$1,402,906,622
2000	1,452,135,808
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

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, imposes a gross receipts tax, payable by retailers, on the retail sale of fur clothing in New Jersey. “Fur clothing” means an item that is exempt from sales and use tax as clothing, is made of fur on the hide or pelt of an animal, and has fur as the chief component of its value. The law also imposes a fur clothing use tax. The retail purchaser is liable for fur clothing use tax on fur clothing purchased for delivery or use in New Jersey from a seller who did not pay the fur clothing retail gross receipts tax.

Rate

The rate is 6% on the seller’s gross receipts from the retail sales of fur clothing. The use tax rate is 6% on the retail price of fur clothing on which the seller did not pay gross receipts tax.

Disposition of Revenues

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

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, range from 1.4% – 8.97%.

Filing Threshold

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

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

Exemptions

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

Deductions

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

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 and disability insurance contributions withheld.
- Property tax credit (or deduction).
- Sheltered Workshop Tax Credit.

Withholding Requirement

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

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

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

Disposition of Revenues

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

History

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

\$20,000 for a married couple filing jointly, \$10,000 for a married person filing separately, and \$15,000 for a single filer, head of household, or surviving spouse.

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

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

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

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

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

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

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

P.L. 2002, C. 43, effective beginning with the 2003 tax year, created a tax credit for qualifying first-time 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.

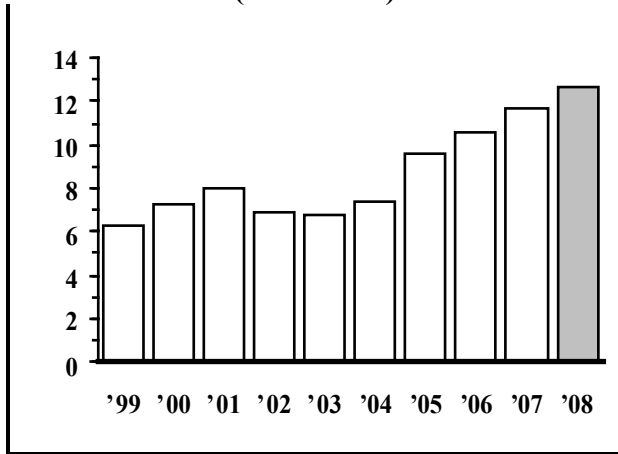
P.L. 2006, C. 85, requires any person (other than a governmental entity, a homeowner, or a tenant) who maintains an office or transacts business in New Jersey to withhold New Jersey gross income tax at the rate of 7% from payments made to unregistered, unincorporated contractors for services performed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

Gross Income Tax Collections (In Billions)



Fiscal Year	Collections
1999	\$ 6,323,893,129
2000	7,205,260,486
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

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

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 Commerce and Economic Growth Commission 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 $\frac{3}{100}$ of 1% (.03%) on all gross receipts from wholesale sales of such products in New Jersey. Retailers are charged at the rate of $\frac{2.25}{100}$ of 1% (.0225%) on all gross receipts from retail sales of litter-generating products. The fee is paid annually on March 15th of each year.

Disposition of Revenues

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

Local Property Tax

Description

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

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

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

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

Rate

The local property tax rate is determined each year in each municipality by relating the total amount of tax levy to the total of all assessed valuations taxable. Expressed in \$1 per \$100 of taxable assessed value, the tax rate is a multiplier for use in determining the amount of tax levied upon each property. See Appendix A for the 2007 general and effective property tax rates in each municipality.

Disposition of Revenues

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

History

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

For almost a century following the 1851 legislation, a continuing effort was made to accomplish uniform taxation under a general property tax. In 1875 a constitutional amendment provided that “property shall be assessed for taxes under general laws and by uniform rules according to its true value” (Article 4, Section 7, paragraph 12).

Courts held that the 1875 amendment permitted classification of property for tax purposes and also exemption of certain classes from taxation, or the substitution of other kinds of tax “in lieu.” Thus began a long period of erosion of the “general property tax” concept. In 1884 a State Board of Assessors was created and given responsibility for assessment of railroad and canal property, thus setting the pattern for State assessment of certain classes of property.

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

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

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

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

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

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

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

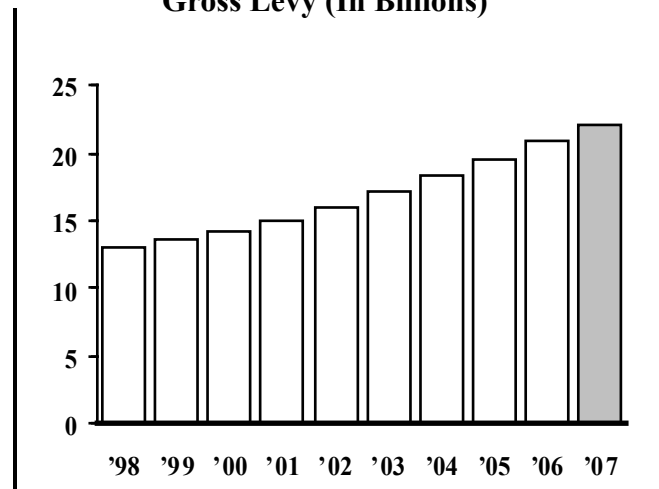
A long period of legislative history has developed numerous exemptions and special property tax treatments. These are found principally in R.S. 54:4-3.3 and in R.S. 54:4-3.6. Generally exempt are government-owned property; and property of religious, educational, charitable, and various types of nonprofit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

P.L. 2004, C. 120, created the Highlands Water Protection and Planning Act. Conservation restrictions imposed by the Act will affect market value of property in the designated areas.

P.L. 2004, C. 139, created Health Enterprise Zones and provided for property tax exemption for medical or dental care facilities in municipalities designated as medically underserved areas.

P.L. 2005, C. 64, expanded wartime service periods to include Operations Northern and Southern Watch for purposes of receiving annual \$250 Veterans’ Property Tax Deductions and Totally and Permanently Disabled Veterans’ Property Tax Exemptions.

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



Fiscal Year	Gross Tax Levy
1998	\$13,040,191,871
1999	13,558,860,459
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

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 fee expires after three years.

The fee applies to all attorneys licensed to practice law in New Jersey except those attorneys: (1) constitutionally or statutorily barred from the practice of law; (2) that can show that they do not maintain a bona fide office in New Jersey for the practice of law; (3) who have retired completely from the practice of law; (4) on full-time duty in the Armed Forces, VISTA, or the Peace Corps and not engaged in the practice of law; (5) ineligible to practice law because they have not made their New Jersey Lawyers' Fund for Client Protection payment; or (6) newly admitted to the bar that have not practiced law for at least one year.

Rate

The Division of Taxation assesses only the annual \$75 fee on attorneys. The fees, which have now expired, were collected in the years 2004, 2005, and 2006.

Disposition of Revenues

All revenues from the surcharges and fees are deposited into the Medical Malpractice Liability Insurance Premium Assistance Fund. The fund is administered by the New Jersey Department of Banking and Insurance and is used for a variety of health care purposes, including providing relief towards the payment of medical malpractice liability insurance premiums to certain health care providers in this State and providing payments to hospitals as charity care subsidies.

Motor Fuels Tax

Description

A tax on motor fuels 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 fuels 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 fuels 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, counter-terrorism 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

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.

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 40 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, and 2007, reimbursements were issued to all eligible

applicants for the difference between their 2004, 2005, 2006, and/or 2007 property taxes and their base year property taxes.

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.

Senior Citizens’ or Disabled Persons’ Property Tax De-

duction: 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
<i>over</i>	<i>but not over</i>	
\$ 0	\$ 150,000	\$ 2.00
150,000	200,000	3.35
200,000	350,000	3.90

Total Consideration Over \$350,000

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

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

Total Consideration Not Over \$350,000

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

Total Consideration Over \$350,000

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

***Additional fee where consideration is over \$1 million**

Effective February 1, 2005, a 1% fee is imposed upon grantees (buyers) on property transfers for consideration in excess of \$1 million for property class 2 “residential”; class 3A “farm property (regular)” if effectively transferred with other property to the same

grantee; and cooperative units, which are class 4C. The 1% fee is imposed on the entire amount of such consideration recited in the deed. The 1% fee is not imposed upon organizations determined by the Federal Internal Revenue Service to be exempt from Federal income taxation that are the buyers in deeds for a consideration in excess of \$1 million.

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

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

Disposition of Revenues

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

Standard (no exemption)

Total Consideration Not Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	Neighborhood P.N.R. Fund
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 1.25	\$ 0
150,000	200,000	0.75	1.85	0.75
200,000	350,000	0.75	2.40	0.75

Total Consideration Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	Neighborhood P.N.R. Fund
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 2.15	\$ 0
150,000	200,000	0.75	2.75	0.75
200,000	550,000	0.75	3.30	0.75
550,000	850,000	0.75	3.80	0.75
850,000	1,000,000	0.75	4.30	0.75
1,000,000		0.75	4.55	0.75

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

Total Consideration Not Over \$350,000

Consideration		County Treasurer	State Treasurer	Neighborhood P.N.R. Fund
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.50	\$ 0	\$ 0
150,000	350,000	0.50	0	0.75

Total Consideration Over \$350,000

Consideration		County Treasurer	State Treasurer ³	Neighborhood P.N.R. Fund
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.50	\$ 0.90	\$ 0
150,000	550,000	0.50	0.90	0.75
550,000	850,000	0.50	1.40	0.75
850,000	1,000,000	0.50	1.90	0.75
1,000,000		0.50	2.15	0.75

New Construction

Total Consideration Not Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	Neighborhood P.N.R. Fund
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 1.00	\$ 0.25
150,000	200,000	0.75	0.60	2.00
200,000	350,000	0.75	1.15	2.00

Total Consideration Over \$350,000

Consideration		County Treasurer ¹	State Treasurer ²	Neighborhood P.N.R. Fund
<i>over</i>	<i>but not over</i>			
\$ 0	\$ 150,000	\$ 0.75	\$ 1.90	\$ 0.25
150,000	200,000	0.75	1.50	2.00
200,000	550,000	0.75	2.05	2.00
550,000	850,000	0.75	2.55	2.00
850,000	1,000,000	0.75	3.05	2.00
1,000,000		0.75	3.30	2.00

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

²Amount 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

³Entire amount is deposited into the State General Fund.

The proceeds of the Realty Transfer Fees collected by the county recording officer are accounted for and remitted to the county treasurer. In Fiscal Year 2008, a total of \$345,985,759 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 payment of the State portion of the basic fee are credited to the Shore Protection Fund.

In Fiscal Year 2008, \$77,022,059 was paid to the State Treasurer and credited to the Neighborhood Preservation Nonlapsing Revolving Fund.

A “supplemental fee” is allocated between the county Public Health Priority Fund and the State Extraordinary Aid Account. In Fiscal Year 2008, the Extraordinary Aid Account received \$86,779,381.

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.

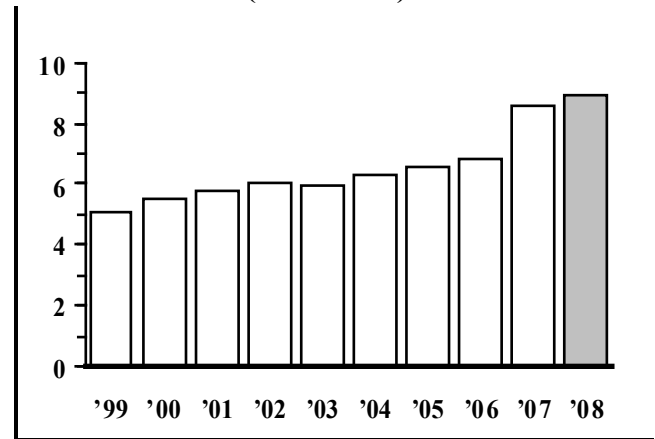
Through the enactment of P.L. 2005, C. 126, New Jersey joined a national coalition of states in conforming the New Jersey Sales and Use Tax Act to the provisions of the Streamlined Sales and Use Tax Agreement (SSUTA). The SSUTA was developed over the course of several years through the joint effort of 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 (currently 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.

Sales and Use Tax Collections (In Billions)



Fiscal Year	Collections
1999	\$5,054,437,769
2000	5,508,045,603
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

¹Rate 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.

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.

Rate

The tax rate in 2008 was \$1.65 per ton or \$0.495 per cubic yard on all solid waste accepted for disposal. The tax rate for solid waste in liquid form was \$0.002 per gallon. The Solid Waste Services Tax was repealed effective February 1, 2008.

Disposition of Revenues

The revenue collected from the Solid Waste Services Tax is deposited in the Solid Waste Services Tax Fund administered by the New Jersey Department of Environmental Protection. Monies in the fund are allocated to the counties based on the amount of waste generated and used for implementing county solid waste management plans.

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.

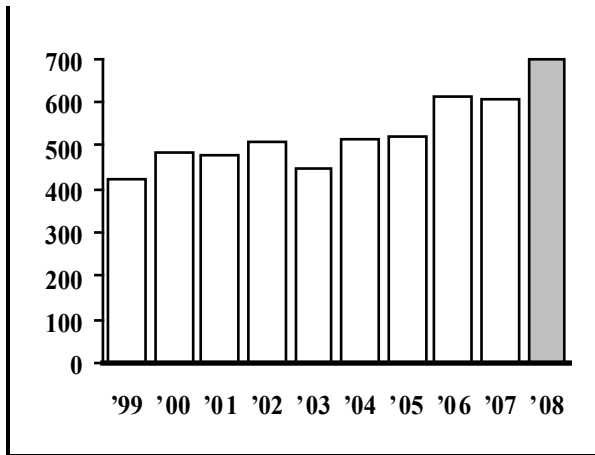
P.L. 2003, C. 246, the Domestic Partnership Act, recognized domestic partnerships and provided certain rights and benefits to individuals participating in them. The Act made significant changes to the New Jersey Inheritance Tax for individuals dying on or after July 10, 2004. Transfers made to a surviving 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
1999	\$423,015,329
2000	485,948,339
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

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

Administration

P.L. 2007, C. 258 — Professional Conduct of Tax Preparers

Enacted on January 11, 2008, and effective April 1, 2008, imposes certain standards for the professional conduct of tax preparers and penalties for violation of those standards. This Act is administered by the Department of Banking and Insurance.

Corporation Business Tax

P.L. 2007, C. 257 — Credit for Digital Media Content Production

Enacted on January 11, 2008, and effective immediately, establishes a corporation business tax credit for 20 percent of the expenses of producing certain digital media content in New Jersey. The Act sets a limit on the combined total value of credits a business may claim for digital media content creation and film production credits. It also specifies that a business claiming tax credits for job creation for digital media production may not base its claim on job creation that is used as a basis for other types of grants or tax credits under the State's other business incentive and grant programs.

P.L. 2007, C. 346 — Urban Transit Hub Tax Credit Act

Enacted on January 13, 2008, and effective immediately, establishes a tax credit program for businesses that engage in certain kinds of capital investments and increases in full-time employment in urban rail transit hubs. Urban transit hubs include property within a half-mile radius of the midpoint of a New Jersey Transit Corporation, Port Authority Transit Corporation, or Port Authority Trans-Hudson Corporation rail station platform area. The Act will be implemented by the New Jersey Commerce Commission in consultation with the Division of Taxation.

Environmental Taxes and Fees

P.L. 2007, C. 311 — Recycling Tax and Expiration of Solid Waste Services Tax

Enacted on January 13, 2008, imposes a \$3-per-ton recycling tax, effective immediately, on solid waste accepted

for disposal or transfer at a solid waste facility as well as on solid waste collected by a solid waste collector that transports solid waste for transshipment or direct transportation to an out-of-State disposal site. In addition, the Act provided for expiration of the solid waste services tax on February 1, 2008. Recycling tax revenues are deposited in the State Recycling Fund, administered by the Department of Environmental Protection, and used for the purposes enumerated in the Act.

P.L. 2007, C. 347 — Electronic Waste Management Act

Enacted on January 13, 2008, and effective immediately, establishes a recycling system for used electronic devices and components. It establishes a Used Television Recycling and Management Program Fund in the Department of the Treasury, administered by the Department of Environmental Protection, and containing funds generated by registration fees and market share payments to be paid by manufacturers.

P.L. 2008, C. 6 — Amendments to the Recycling Enhancement Act and Delay of Its Effective Date

Enacted March 26, 2008, deferred the effective date of the recycling tax, which was enacted by P.L. 2007, C. 311. The effective date is now April 1, 2008. Entities subject to the recycling tax are required to register with the Division of Taxation by April 1, 2008, and the first quarterly recycling tax returns and tax payments are due July 20, 2008. The provisions delaying the effective date of the tax are retroactive to January 13, 2008. The Act also adds type 27-A asbestos-containing waste to the list of types of waste included within the definition of "solid waste." In addition, the Act treats recycling tax revenue as an exclusion to be added to calculations of the adjusted local property tax levy.

Gross Income Tax

P.L. 2007, C. 233 — Checkoff for New Jersey Veterans Haven Support Fund

Enacted on January 3, 2008, effective immediately, and applicable to taxable years beginning on or after January 1, 2008, establishes a New Jersey Veterans Haven Support Fund and allows taxpayers to make contributions to this fund through an option on the individual gross income tax return.

P.L. 2007, C. 346 — Urban Transit Hub Tax Credit Act
See Corporation Business Tax.

Local Property Tax

P.L. 2007, C. 157 — Clarification of Historic Site Real Property Tax Exemptions

Enacted on August 21, 2007, effective immediately, clarifies the effect of P.L. 2004, C. 183, which had supplemented the 1962 historic site real property tax exemption law by setting revised requirements for historic site tax-exempt status. The Legislature's enactment of P.L. 2007, C. 157, was a response to the Supreme Court's decision in *University Cottage Club of Princeton New Jersey Corp. v. New Jersey Department of Environmental Protection and Borough of Princeton*, 191 N.J. 38 (2007), regarding the application of the historic site tax exemption law to the University Cottage Club. The Legislature noted that the Court's interpretation of the intended effect of P.L. 2004, C. 183, was contrary to legislative intent, and therefore it enacted P.L. 2007, C. 157, as corrective legislation to clarify its intent regarding the scope and applicability of the requirements for historic site real property tax exemption.

P.L. 2007, C. 157, clarifies that the historic site real property tax exemption law is intended to apply only to historic sites that have a significant degree of public access, and not to private clubs that allow minimal public access and minimal benefit to the public. It makes the strict requirements imposed under the previous law, P.L. 2004, C. 183, applicable to historic sites applying for tax-exempt status after July 1, 1999, or determined to be eligible after that date. The Act also shifts the authority to certify an historic site as exempt from real property tax from the Commissioner of Environmental Protection to the Director of the Division of Taxation, and it requires municipal tax assessors to certify annually that each certified tax-exempt historic site continues to meet the qualifications for exemption.

P.L. 2007, C. 256 — Assessment Appeal Deadlines

Enacted January 11, 2008, and effective immediately, changes the deadline for appeals of certain property tax assessments. When there has been a municipalitywide revaluation or reassessment, a taxpayer or taxing district may appeal to the county board of taxation on or before May 1, or if the assessed value of the property exceeds \$750,000, may instead file a complaint directly with the State Tax Court.

P.L. 2007, C. 268 — Short-Term Property Tax Exemptions and Abatements

Enacted on January 13, 2008, and effective immediately, permits short-term property tax exemptions to begin

immediately following the completion of a project instead of in the next tax year following the tax year when the project was completed.

P.L. 2007, C. 317 — Property Tax Exemption for Spouses of Disabled Veterans

Enacted January 13, 2008, and effective immediately, allows the surviving spouse of a disabled veteran to claim a property tax exemption when the veteran's disability declaration was granted after death.

P.L. 2007, C. 344 — Calculation of Reserve for Uncollected Property Taxes

Enacted January 13, 2008, and effective immediately, lowers the threshold for Tax Court and county tax board judgments against municipalities by changing the method of calculation of the reserve for uncollected taxes.

Local Taxes and Fees

P.L. 2007, C. 294 — Changes in Local Payroll Tax Provisions

Enacted January 13, 2008, and effective immediately, amends the Local Tax Authorization Act to permit municipalities that impose payroll taxes by ordinance to enact ordinances allowing the assessment of interest charges on delinquent payroll taxes owed to the municipality.

P.L. 2007, C. 296 — Municipal Special Event Parking Surcharge

Enacted January 13, 2008, and effective immediately, authorizes municipalities to enact ordinances imposing a 7% "special event" parking tax surcharge on charges for parking, garaging, or storing motor vehicles for special events held in the municipality on weekday evenings, weekends, and holidays.

P.L. 2007, C. 302 — Municipal Surcharge on Charges for Admission to Major Places of Amusement

Enacted on January 13, 2008, and effective immediately, authorizes municipalities to adopt ordinances imposing a 5% surcharge on admission charges to certain major places of amusement that are also subject to New Jersey sales tax pursuant to N.J.S.A. 54:32B-3(e)(1). The surcharge is to be collected by the same people who collect the admission charges from customers, who must then remit the surcharges collected and submit monthly tax returns reporting the surcharge to the Division of Taxation. Revenue from this surcharge collected in each municipality is distributed to each municipality by the State Treasurer.

Miscellaneous

P.L. 2007, C. 195 — Prohibition of Certain Regulation of Voice Over Internet Protocol and Internet Protocol-Enabled Services

Enacted on October 26, 2007, and effective immediately, prohibits the State, State public entities, and political subdivisions of the State from enacting, adopting, or enforcing any laws, ordinances, regulations, orders, or other standards or provisions that have the effect of regulating the rates, terms, or conditions of voice over Internet protocol (VoIP) or Internet protocol-enabled (IP-enabled) services. This law does not, however, affect the application of criminal or other statutes that apply generally to the conduct of business in the State, consumer protection, or unfair or deceptive trade practices; the authority to enforce the requirements of Federal law regarding collection of enhanced 9-1-1 fees, telecommunications relay service fees, or Federal Universal Service Fund fees on VoIP or IP-enabled services; the authority to set requirements for providing cable service or operating a cable television system pursuant to 47 U.S.C. §521 or N.J.S.A. 48:5A-1 et seq.; the authority to manage use of public rights of way; or the authority of the Board of Public Utilities to regulate circuit switched local exchange access service.

P.L. 2007, C. 200 — Disclosure Requirements Imposed on Recipients of Development Subsidies

Enacted on November 2, 2007, and effective immediately, but with its key provisions inoperative until April 30, 2008, requires corporations that receive development subsidies, including tax incentives from a State agency, instrumentality, or authority, to submit annual reports for five years disclosing certain information about their officers and detailing their progress in creating jobs. It also requires applicants for such development subsidies to disclose information about the corporation, previous development subsidies sought or received, and to detail their employment expansion goals.

P.L. 2007, C. 217 — Charity Care Fraud Prevention and Detection Act

Enacted on December 20, 2007, and effective January 19, 2008, establishes procedures to prevent fraud and correct mistakes in the charity health care system. This Act provides that the State Treasurer and the Commissioner of Health and Senior Services will establish an interagency agreement under which the Division of Taxation will conduct random checks of personal State income tax returns filed by individuals who have been determined to be eligible for charity health care.

P.L. 2007, C. 310 — Extension of Eligibility of Business Relocation and Retention Tax Credits

Enacted January 13, 2008, and effective immediately, amends the Business Retention and Relocation Assistance Act. It extends eligibility for “tax credits” to businesses relocating at least 50 full-time jobs from existing locations within this State to new locations in this State. Previously, the threshold for eligibility was that an employer relocate 250 jobs. The “tax credits” are granted by the Commerce and Economic Growth Commission.

Motor Fuels Tax

P.L. 2007, C. 221 — Penalties for Motor Fuel Sale Violations

Enacted January 3, 2008, and effective on that date, increases the monetary penalties for violations of the law governing retail sales of motor fuels.

Sales and Use Tax

P.L. 2007, C. 328 — Changes in Urban Enterprise Zone Sales Tax Rebate Program

Enacted on January 13, 2008, and effective immediately, amends the definition of “small business” applicable to the UEZ sales tax rebate program by raising the maximum annual gross receipts threshold from less than \$1 million to less than \$3 million. “Small businesses” are an exception to the requirement that qualified UEZ businesses claiming exemption from sales tax on purchases for their own use in the zone must first pay the tax at the point of purchase and then apply for a refund of the tax paid. “Small businesses,” as defined in the Act, may instead claim the exemption at the point of sale.

Transitional Energy Facility Assessment

P.L. 2008, C. 32 — Extension and Phase-out of TEFA

Enacted on June 30, 2008, and effective immediately, freezes transitional energy facility assessment (TEFA) unit rate surcharges at calendar year 2008 rates for 2009 through 2011, and reduces surcharges in calendar years 2012 and 2013. It provides that TEFA surcharges will expire on December 31, 2013.

COURT DECISIONS

Cash Business Audits

Audit Methodology

Lane Trading Co. v. Director, Division of Taxation, decided August 3, 2007; Tax Court No. 005189-2004. Plaintiff (Lane) owns and operates an adult bookstore. It sells and rents videos, books, magazines, and novelties. Lane also operates video viewing booths and rents rooms to female independent contractors for “fantasy performances.”

An audit disclosed that Lane did not retain copies of sales invoices or cash register tapes. However, it did have a summarized sales journal for two of the years at issue. Lane claims that all of its records were destroyed in a fire at a rented storage unit. The auditor used an alternate audit methodology as Lane’s books and records were inadequate to conduct the audit. This resulted in an audit assessment which Lane protested.

The final determination made adjustments to the audit determination of sales tax and corporation business tax liabilities. Lane appealed the final determination to the Tax Court challenging the reasonableness of the method of calculating the corporation business and sales tax assessments. The Court found that Lane had not provided any evidence indicating that the Division’s assessment was incorrect. Therefore, the Court concluded that the Division’s use of the limited available data as well as its methodology was entirely reasonable under the circumstances.

Gross Income Tax

Timeliness of Complaint

Wieder v. Director, Division of Taxation, decided July 31, 2007; Docket No. 005349-06. The plaintiff, attempting to comply with the 2002 amnesty program, mailed his 1998 return and payment to the Division, which were received by the Division on the last day of the amnesty program, June 10, 2002.

However, the plaintiff’s bank would not make payment to the Division, not for insufficient funds, but because the check was for a “large” amount (\$40,362) and did not represent a “normal payment of the taxpayer.”

On August 5, 2002, the Division notified the taxpayer to make immediate payment and that penalty and interest charges would be assessed at a later date. On August 28, 2002, the plaintiff provided a replacement check for the

tax paid under amnesty and sought an abatement of all penalty and interest.

In his decision, Judge Hayser opined, “The statutorily created amnesty period was of limited time and duration and ended no later than June 10, 2002. Furthermore, N.J.A.C. 18:39-1.3(a) and (b) require not only “full payment of amnesty eligible taxes,” but in order to be eligible for the program, the taxpayer “must pay the full amount of the tax within the period of amnesty.” Finally, N.J.A.C. 18:39-1.4(f) provides that “a taxpayer will be denied amnesty for nonpayment of or... payment with a dishonored check.”

The Judge noted, quoting *Lenox v. Director*, 19 N.J. Tax 437, 452 (2001), “equity demands more than good faith but demands diligence in the protection of one’s interests. Taxpayer did not meet this measure and therefore “the penalties and interest assessed to the plaintiff’s 1998 liability will not be waived.”

The taxpayer also sought a refund for tax year 1999 following the filing of his 1999 New Jersey gross income tax return (Form NJ-1040) on August 11, 2003.

The Court ruled that under N.J.S.A. 54A:9-8(d) “No refund or credit shall be allowed or made... after the expiration of the applicable period of limitation...” The Judge opined, “Under the plaintiff’s argument he could file a tax return any time, however untimely (even into the next century), as long as the taxes have been paid previously and have three years to seek a credit or a refund or credit. The doctrine of *reductio ad absurdum* comes to mind.”

Judge Hayser granted the Director’s motion for summary judgment, while denying the plaintiff’s cross-motion for summary judgment.

Alimony and Credit for Taxes Paid to Other Jurisdictions

Cino v. Director, Division of Taxation, decided November 2, 2007; Docket No. 008453-06. In a summary judgment motion hearing on Friday, November 2, 2007, Judge Pizzuto granted the Director’s motion for summary judgment.

This matter involved another challenge to alimony and the credit for taxes paid to other jurisdictions. Judge Pizzuto held this case was controlled by *Ambrose v. Director*, 198 N.J. Super. 546, 487, A.2d 174 (1985).

Judge Pizzuto quoted from his decision in *Adelhoff, Croce and Croce v. Clerk of Bergen County and Director*, 2006 N.J. TaxLEXIS 15, (November 2006):

As a general rule, duplicate taxation of the same property in different forms, if in accordance with statute, is not invalid. See *Old Dominion C.M. & S. Co. v. State Bd. Taxes*, 91 N.J.L. 173, 178-179 (E. & A. 1917); *Jersey City Gaslight Co. v. Jersey City*, 46 N.J.L. 194, 196 (E. & A. 1884); *Gritzmacher v. Taxation Div. Director*, 2 N.J. Tax 489, 492 (1981). See also *In re Estate of Romnes*, 79 N.J. 139, 164 (Handler, J., dissenting).

Here, there is no double taxation as the transfer tax is imposed pursuant to the Act upon separate owners on distinct transfers at different times. Indeed, even if this were deemed to be double taxation, the Legislature may constitutionally impose a duplicate tax, although courts generally endeavor to avoid such a statutory construction where the legislative intent is questionable. The language of N.J.S.A. 46:8D-2, however, is clear as to imposition of the transfer taxes. Even if it were deemed to produce true duplicate taxation, the Legislature's constitutional power to enact such a statute must be recognized. See *Old Dominion*, 91 N.J.L. at 178-179; *Jersey City Gaslight*, 46 N.J.L. at 196. [*Drew Associates of N.J., L.P. v. Travisano*, 235 N.J. Super. 194, 205-206 (App. Div. 1989), aff'd in pertinent part 122 N.J. 249, 268 (1991).]

The quote by the Court underscored the general rule that double taxation is not prohibited by statute. The credit for taxes paid to another jurisdiction was not intended to do away with double taxation, but to provide limits to double taxation.

Reporting of Income in the Proper Category

Michael & Helen Kaplan v. Director, Division of Taxation, Docket No. 000032-2006, and *Morris & Sandra Lisman-Kaplan v. Director, Division of Taxation*, Docket No. 000039-2006, decided January 8, 2008. In a published opinion, Judge Kuskin affirmed the Director's assessment.

Michael and Morris Kaplan were partners in a rental real estate partnership. Upon liquidation, the rental real estate partnership distributed properties individually to the Kaplans. Michael and Morris Kaplan received these properties as single-member limited liability companies (LLC).

The Kaplans maintained their single-member LLC designations on the distributed partnership properties in order to attain favorable capital gains treatment on their Federal income tax returns.

Prior to 2002, the Kaplans identified two Georgia properties for acquisition. The Kaplans entered into an IRC Section 1031 tax-free exchange of property. The Kaplans' accountant and attorney advised them that in order to comply with IRC §1031 and the regulations thereunder, ownership of the Georgia properties in their individual capacities was required because the properties the taxpayers were exchanging were owned by them individually.

The Kaplans reported the losses from their Georgia properties on their New Jersey gross income tax returns as net gains or net income derived from or in the form of rents, royalties, patents, and copyrights. The taxpayers improperly reported and netted partnership income against the rental losses.

The taxpayers were sent notices of deficiency denying the improper netting of partnership income against rental income losses. For New Jersey gross income tax, partnership income per N.J.S.A. 54A:5-1k must be reported in the category of income, distributive share of partnership income.

The taxpayers filed complaints in Tax Court challenging the Division's assessment. After the taxpayers filed their complaints, they claimed that their holding of the Georgia properties should really be considered a partnership LLC, not a single-member LLC, because the brothers Kaplan had arranged many of their business affairs in this manner, a tenancy in common had been established, and the business affairs of the Georgia properties were operated as if they were a partnership. This designation has impact on the Kaplans' New Jersey resident tax returns, since, if the ownership of the Georgia apartments was considered a partnership, the rental loss from the Georgia properties would be allowed to be netted against partnership income in the category distributive share of partnership income. Conversely, a designation as single-member LLC would require that the Kaplans report the rental losses from the Georgia apartments in the net gains or net income derived from or in the form of rents, royalties, patents, and copyrights category, thus denying the opportunity to net any of the losses from the Georgia apartments against any of the Kaplans' other taxable New Jersey income.

N.J.A.C. 18:35-1.3(a)(1) states:

Only entities that qualify for and elect to be treated as partnerships for federal tax purposes and are in business shall be treated as partnerships under the Gross Income Tax Act.

In rendering its decision, the Court opined:

Plaintiffs seek the benefit of two different theories of taxation applied simultaneously. They wish to preserve, for tax years 2002 and 2003, their individual ownership status with respect to the Georgia partnership in order to preserve their qualification for a tax free exchange under IRC § 1031, while demanding that the Director treat the very same ownership entities as partnerships in order to enable plaintiffs to realize a tax benefit under the Gross Income Tax Act. Plaintiffs cannot have it both ways.

The Court underscored the general rule that New Jersey gross income must be reported in the proper category as defined in N.J.S.A. 54A:5-1.

Basis

William & Margaret Sitar v. Director, Division of Taxation, Docket No. 005141-2002, decided February 15, 2008. In a bench decision, Judge Bianco granted the Division's motion for summary judgment in this matter.

The issue presented was the correctness of the methodology employed by the Director in denying the deduction of personal expenses from the gain on 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, pursuant to *Koch*, the New Jersey gross income tax assessment denying a basis adjustment was invalid. The Director contends that land is not a depreciable asset and the plaintiffs' personal expenses of interest on the loans to purchase the property and yearly property taxes are not deductible. Therefore, the taxpayers' basis for the calculation on the sale of the land is the taxpayers' Federal adjusted basis under N.J.S.A. 54A:5-1(c).

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 tax year 1998 plaintiffs filed their Federal income tax return on which they deducted, on their Schedule A, 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 the taxpayers' being involved in a trade or business. The Court held in *Gilligan*

v. Director, 11 N.J. Tax 414 (1991), such expenses are not deductible from the plaintiff's gross income.

The Director's determination that plaintiffs must use the Federal adjusted basis to compute gain from sale of the land in this case was not a tax on a return of capital nor a tax on fictitious, phantom income and was sustained.

Credit for Taxes Paid to Other Jurisdictions

Glenn A. Harris & Terrie D. Harris v. Director, Division of Taxation, Docket No. 006227-2007, decided February 19, 2008. The issue in this case was whether the Director properly calculated the gross income tax credit for taxes paid to other jurisdictions. N.J.S.A. 54A:4-1. Plaintiffs alleged that the Division of Taxation had not allowed credits for tax payments to Philadelphia and Pennsylvania in the amount of \$3,189 for tax year 2002, \$6,157 for tax year 2003, and \$7,067 for tax year 2004. The principal thrust of the plaintiffs' argument in their summary judgment motion was that *Jenkins v. Director*, 4 N. J. Tax 127 (Tax 1982), was wrongly decided and that the Director's regulation N.J.A.C. 18:35-4.1(a)(11) is *ultra vires* (in excess of the powers granted) because it is contrary to the plain language of the statute. On January 8, 2008, cross-motions for summary judgment were heard by the Honorable Gail L. Menyuk. In a letter opinion dated February 19, 2008, Judge Menyuk denied plaintiffs' motion for summary judgment and granted the Director's cross-motion for summary judgment. In finding for the Director, the Court concluded that *Jenkins* was correctly decided and that the Director's regulation N.J.A.C. 18:35-4.1(a)(11) is valid.

Interest on Refund

McLaughlin v. Director, Division of Taxation, Docket No. 008593-07, decided April 17, 2008. Judge Hayser denied the Division's summary judgment motion without prejudice and transferred the case to Superior Court.

The taxpayer sent the Division a \$5,000 check intended for the IRS. The taxpayer is seeking interest on the payment, which the Division sent back to the taxpayer upon his request, but according to the taxpayer a year and a half after the taxpayer improperly sent the check to the Division.

Judge Hayser stated in an unpublished decision that "there is no statutory authority that permits or requires the defendant make the interest payment requested by the Plaintiff" and "under the facts of this case, in weighing the relative equities between the parties there is no overriding and compelling equitable basis to require the Defendant to make the interest payment requested by the Plaintiff."

However, “Rather than dismissal, it is appropriate to transfer this action to the Superior Court, the appropriate Court to consider Plaintiff’s claim as set forth in the complaint, whether viewed as the tort of wrongful conversion or a claim predicated on unjust enrichment. That is the court that can finally determine whether the Plaintiff has met the procedural requirements of the Torts Claims Act.”

Retroactivity

Charles J. Demuth v. Director, Division of Taxation, Docket No. 008298-07, decided April 22, 2008. Judge Hayser granted the Division’s motion for summary judgment and denied the plaintiff’s motion.

In May 2004, the taxpayer made three stock sales resulting in a net gain. N.J.S.A. 54A:2-1, approved on June 28, 2004, increased the tax rate percentage from 6.37% to 8.97% for gross income of \$500,000 or more.

Plaintiff stated he would not have conducted the stock transactions if he knew they would be subject to a higher tax. Therefore, the taxpayer believes that the tax increase “as applied to his transactions” should “(1) be declared void on equitable principles as the imposition of such tax constitutes a manifest injustice....” and “(2) the statutory enactment constitutes a violation of due process under the U.S. Constitution....”

The taxpayer also argued the principle of *Oberhand v. Director*; 193 N.J. 558 (2008), where the Court ruled that the retroactive application of State estate or transfer tax was unfair and unenforceable under the doctrine of manifest injustice in support of his claim.

The Court distinguished *Oberhand* opining “the focus is one transaction, event or occurrence giving rise to the tax liability, and not income realized over an entire year.”

Judge Hayser further opined:

Neither the expectations of the taxpayer for a static tax rate nor a taxing authority attempting to operate a taxation system by speculating or seeking to divine when income is subject to an income tax or which taxpayer would have avoided realizing income under varying circumstances, serves neither the public nor private needs. For a rational tax system based upon annual income to function, it must both meet the changing demands required of an annual state budget, while also fairly apportioning the resulting tax liability to all those who realize annual income, and not on their unpredictable transactions individually discrete or not, during the tax year. The alternative as suggested by the Plaintiff’s argument, would be a chaotic, unpredictable, arbitrary and

unfair system that serves no one’s needs or legal obligations.

Alimony

Nancy McGoldrick v. Director, Division of Taxation, Docket No. 001074-07, decided June 24, 2008. Judge Hayser granted the Division’s motion for summary judgment and denied plaintiff’s motion for reconsideration.

On April 8, 2004, Peter and Nancy McGoldrick signed a Property Settlement Agreement (PSA). The agreement called for Mrs. McGoldrick to receive \$100,000 in alimony. It also called for her to receive “additional alimony” of \$10,649.72 from April 2004 to December 2004. This amount represented 34% of the proceeds of the sale of Natural Specialties Inc. to Acosta Inc. Mrs. McGoldrick will receive these payments until 2011, and they will not terminate upon remarriage or death. The PSA specifically indicated that this amount is to be taxable to the wife and deductible to the husband. Plaintiff argued that the taxability provision violated public policy. Plaintiff contended that the payment received was an “assignment of a right to income arising in connection with the divorce” and not taxable to her.

Judge Hayser stated:

Indeed, if the proceeds were only income to the former husband, they presumably would have been factored into the basic alimony award. His employment agreement with NSSI is the only subject of his personal services, and thus taxable, and the only basis for basic alimony payments to the plaintiff. Even if the proceeds of the sale of the brokerage relationships were paid to the former husband as a W-2 employee, it does not change the nature and source of these proceeds, just as “additional alimony” is not necessarily alimony.

The “additional alimony” payments were taxable to Mrs. McGoldrick as alimony on her NJ-1040 return and deductible by Mr. McGoldrick as an alimony deduction on his NJ-1040 return.

Sales and Use Tax

Servicing and Maintenance

Disposal Systems, Inc. v. Director, Division of Taxation, decided August 16, 2007; Tax Court No. 000061-07. Disposal Systems, Inc. (Disposal) is in the business of servicing, replacing, and removing underground tanks and disposing of the waste. The Division issued an assessment

under the Sales and Use Tax Act for failure to collect and remit tax to the Division.

The Court determined that Disposal's services were not exempt as capital improvements under N.J.S.A. 54:32B-3(b)(2)(v) because they were services and maintenance of properties and did not constitute an addition or capital improvement to property.

The Court decided that the services did not constitute a resale under N.J.S.A. 54:32B-3(b) because Disposal was the original vendor of its services and was not reselling them.

The Court found that the services were not exempt as a transportation service under N.J.S.A. 54:32B-8.11 because Disposal is not in the business of transporting persons or property.

Finally, the Court responded to Disposal's allegation that a New Jersey State employee fabricated the signature on two extensions to audit, concluding that no credible evidence was presented to give substance to Disposal's allegations. Therefore, the Court granted the Division's motion for summary judgment.

Due Process, Equal Protection Clause

New Jersey Self Storage Association, Inc. et al. v. Corzine, et al., Docket No. 004635-2007, decided June 23, 2008.

Amendments to the New Jersey Sales and Use Tax Act (P.L. 2006, c.44) effective October 1, 2006, imposed tax on the furnishing of space for storage of tangible personal property by a person engaged in the business of furnishing space for such storage. Charges for the service of storing all tangible personal property not held for sale in the regular course of business and the rental of safe deposit boxes or similar space remains subject to tax. N.J.S.A. 54:32B-3(b)(3). The distinction is that the new law extends the tax to transactions where the facility merely provides the space, but not any services.

"Space for storage" means secure areas, such as rooms, units, compartments, or containers, whether accessible from outside or from within a building, that are designated for the use of a customer and wherein the customer has free access within reasonable business hours, or upon reasonable notice to the furnisher of space for storage, to store and retrieve property. Space for storage does not include the lease or rental of an entire building, such as a warehouse or airplane hanger.

The New Jersey Self Storage Association, Inc. challenged the law on due process and equal protection grounds.

In an unpublished opinion, following cross-motions for summary judgment, Judge Menyuk held that the sales tax on the service of furnishing space for storage by a person engaged in the business of furnishing such space does not violate the due process or equal protection clauses of the Federal or State constitutions, the uniformity clause, or the prohibition against special legislation in the New Jersey Constitution.

New Jersey Division of Taxation

APPENDICES

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2007 General and Effective Property Tax Rates By Municipality

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Atlantic			Englewood Cliffs Bor.	1.160	0.754
Absecon City	3.817	2.054	Fair Lawn Borough	2.030	2.035
Atlantic City	3.726	1.649	Fairview Borough	3.800	1.856
Brigantine City	0.950	1.039	Fort Lee Borough	1.720	1.699
Buena Borough	2.267	2.400	Franklin Lakes Borough	1.110	1.213
Buena Vista Township	4.026	2.094	Garfield City	3.700	1.709
Corbin City	3.349	2.106	Glen Rock Borough	2.230	2.045
Egg Harbor City	2.479	2.480	Hackensack City	1.990	2.119
Egg Harbor Township	3.579	1.820	Harrington Park Borough	1.690	1.712
Estell Manor City	2.495	1.453	Hasbrouck Heights Bor.	1.890	1.973
Folsom Borough	2.550	1.544	Haworth Borough	2.290	1.845
Galloway Township	3.420	1.796	Hillsdale Borough	1.790	1.791
Hamilton Township	3.738	1.835	Ho Ho Kus Borough	1.340	1.348
Hammonton Town	3.307	1.980	Leonia Borough	3.800	1.811
Linwood City	3.244	2.144	Little Ferry Borough	2.060	2.070
Longport Borough	0.695	0.644	Lodi Borough	2.740	2.275
Margate City	1.180	1.037	Lyndhurst Township	1.600	1.772
Mullica Township	3.616	1.814	Mahwah Township	1.900	1.211
Northfield City	4.088	1.917	Maywood Borough	4.130	1.877
Pleasantville City	4.466	2.405	Midland Park Borough	2.790	1.766
Port Republic City	3.075	1.587	Montvale Borough	1.450	1.591
Somers Point City	3.841	1.787	Moonachie Borough	1.520	1.531
Ventnor City	1.590	1.627	New Milford Borough	2.000	1.886
Weymouth Township	2.756	2.188	North Arlington Borough	4.270	2.012
Bergen			Northvale Borough	1.780	1.796
Allendale Borough	2.450	1.749	Norwood Borough	2.990	1.463
Alpine Borough	0.610	0.595	Oakland Borough	1.910	1.850
Bergenfield Borough	2.920	2.274	Old Tappan Borough	1.980	1.337
Bogota Borough	3.730	2.010	Oradell Borough	3.990	1.829
Carlstadt Borough	3.300	1.521	Palisades Park Borough	3.020	1.402
Cliffside Park Borough	2.040	1.493	Paramus Borough	1.610	1.236
Closter Borough	1.570	1.661	Park Ridge Borough	1.800	1.528
Cresskill Borough	1.990	1.529	Ramsey Borough	2.250	1.726
Demarest Borough	2.060	1.708	Ridgefield Borough	1.370	1.329
Dumont Borough	2.230	2.115	Ridgefield Park Village	4.090	2.304
Elmwood Park Borough	2.150	1.781	Ridgewood Village	2.800	1.694
East Rutherford Borough	2.580	1.426	River Edge Borough	2.220	1.999
Edgewater Borough	2.960	1.222	River Vale Township	3.850	1.799
Emerson Borough	1.790	1.871	Rochelle Park Township	2.490	1.690
Englewood City	1.840	1.924	Rockleigh Borough	0.600	0.801
			Rutherford Borough	1.960	1.991

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Bergen (continued)			Southampton Township	3.239	1.936
Saddle Brook Township	3.300	1.672	Springfield Township	2.280	2.051
Saddle River Borough	0.840	0.725	Tabernacle Township	2.240	2.086
South Hackensack Twp.	3.120	2.059	Washington Township	1.120	1.247
Teaneck Township	2.150	2.268	Westampton Township	3.090	1.845
Tenafly Borough	2.430	1.777	Willingboro Township	5.180	2.897
Teterboro Borough	1.080	0.833	Woodland Township	1.650	1.674
Upper Saddle River Bor.	1.920	1.362	Wrightstown Borough	2.140	1.450
Waldwick Borough	2.090	1.937			
Wallington Borough	3.600	1.730	Camden		
Washington Township	1.620	1.593	Audubon Borough	5.208	2.647
Westwood Borough	2.030	1.751	Audubon Park Borough	7.192	7.088
Woodcliff Lake Borough	1.980	1.456	Barrington Borough	5.705	3.062
Wood-Ridge Borough	2.860	1.792	Bellmawr Borough	5.251	2.876
Wyckoff Township	1.340	1.397	Berlin Borough	4.328	2.417
			Berlin Township	4.499	2.835
Burlington			Brooklawn Borough	4.037	2.603
Bass River Township	3.470	1.455	Camden City	4.597	2.668
Beverly City	5.150	3.172	Cherry Hill Township	5.008	2.496
Bordentown City	5.051	2.758	Chesilhurst Borough	4.047	2.646
Bordentown Township	4.108	2.149	Clementon Borough	4.829	3.147
Burlington City	3.640	2.238	Collingswood Borough	5.335	2.621
Burlington Township	2.230	1.945	Gibbsboro Borough	3.900	2.593
Chesterfield Township	1.560	1.740	Gloucester City	4.125	2.589
Cinnaminson Township	4.170	2.252	Gloucester Township	5.035	2.751
Delanco Township	1.970	2.210	Haddon Township	5.129	2.796
Delran Township	2.630	2.323	Haddonfield Borough	4.892	2.536
Eastampton Township	2.297	2.427	Haddon Heights Borough	2.569	2.786
Edgewater Park Township	4.030	2.163	Hi-Nella Borough	5.720	3.334
Evesham Township	4.310	2.278	Laurel Springs Borough	5.591	3.417
Fieldsboro Borough	4.920	2.291	Lawnside Borough	4.237	3.155
Florence Township	3.830	2.046	Lindenwold Borough	6.074	3.581
Hainesport Township	3.410	1.805	Magnolia Borough	5.481	3.266
Lumberton Township	1.920	2.109	Merchantville Borough	4.784	2.767
Mansfield Township	1.820	1.892	Mount Ephraim Borough	5.372	3.259
Maple Shade Township	2.140	2.281	Oaklyn Borough	5.195	3.030
Medford Township	4.310	2.376	Pennsauken Township	4.271	2.802
Medford Lakes Borough	5.110	2.637	Pine Hill Borough	5.905	3.252
Moorestown Township	4.379	2.074	Pine Valley Borough	1.458	1.455
Mount Holly Township	4.700	2.328	Runnemede Borough	4.870	3.065
Mount Laurel Township	3.694	2.074	Somerdale Borough	5.447	3.340
New Hanover Township	2.340	1.697	Stratford Borough	5.225	3.337
North Hanover Township	2.929	1.531	Tavistock Borough	1.332	1.318
Palmyra Borough	4.330	2.450	Voorhees Township	2.375	2.615
Pemberton Borough	3.290	1.724	Waterford Township	4.760	2.765
Pemberton Township	3.410	1.948	Winslow Township	4.549	2.547
Riverside Township	2.720	2.516	Woodlynne Borough	7.125	4.136
Riverton Borough	5.190	2.691			
Shamong Township	3.729	2.009			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Cape May			North Caldwell Borough	7.360	1.631
Avalon Borough	0.350	0.360	Nutley Township	2.180	2.112
Cape May City	0.770	0.672	Orange City	2.910	2.947
Cape May Point Borough	0.760	0.419	Roseland Borough	11.430	1.496
Dennis Township	1.060	1.172	S. Orange Village Twp.	6.510	2.487
Lower Township	1.020	1.160	Verona Township	9.090	1.897
Middle Township	1.150	1.281	West Caldwell Township	3.630	1.825
North Wildwood City	0.730	0.892	West Orange Township	11.390	2.679
Ocean City	1.000	0.585			
Sea Isle City	0.640	0.473	Gloucester		
Stone Harbor Borough	0.510	0.393	Clayton Borough	4.704	2.855
Upper Township	1.120	1.227	Deptford Township	3.709	2.201
West Cape May Borough	0.900	0.980	East Greenwich Township	4.086	2.276
West Wildwood Borough	1.440	1.062	Elk Township	2.046	2.390
Wildwood City	1.550	1.374	Franklin Township	3.872	2.188
Wildwood Crest Borough	1.320	0.812	Glassboro Borough	4.901	3.112
Woodbine Borough	1.000	1.248	Greenwich Township	3.488	2.226
			Harrison Township	3.857	2.143
Cumberland			Logan Township	3.155	2.013
Bridgeton City	4.487	3.171	Mantua Township	4.539	2.500
Commercial Township	3.926	2.229	Monroe Township	4.768	2.587
Deerfield Township	2.931	2.727	National Park Borough	5.122	3.140
Downe Township	3.543	1.826	Newfield Borough	4.744	2.474
Fairfield Township	3.421	2.322	Paulsboro Borough	4.045	2.745
Greenwich Township	3.344	3.021	Pitman Borough	4.862	2.784
Hopewell Township	3.755	2.685	S. Harrison Township	3.623	2.200
Lawrence Township	3.806	2.393	Swedesboro Borough	4.838	2.656
Maurice River Township	3.886	2.110	Washington Township	4.382	2.324
Millville City	2.993	2.552	Wenonah Borough	5.034	2.703
Shiloh Borough	3.667	2.328	West Deptford Township	3.840	2.297
Stow Creek Township	3.072	2.537	Westville Borough	4.979	3.066
Upper Deerfield Twp.	3.532	2.532	Woodbury City	6.047	3.594
Vineland City	3.832	2.117	Woodbury Heights Bor.	4.000	2.905
			Woolwich Township	4.181	2.249
Essex			Hudson		
Belleville Township	2.260	2.269	Bayonne City	5.697	2.360
Bloomfield Township	5.450	2.307	East Newark Borough	7.474	1.709
Caldwell Borough Twp.	2.120	1.949	Guttenberg Town	5.394	2.052
Cedar Grove Township	10.860	1.563	Harrison Town	5.016	1.897
East Orange City	2.420	3.020	Hoboken City	3.490	1.181
Essex Fells Township	1.490	1.376	Jersey City	5.549	1.566
Fairfield Township	2.630	1.421	Kearny Town	8.276	2.276
Glen Ridge Bor. Twp.	15.610	2.595	North Bergen Township	4.230	2.075
Irvington Township	2.270	2.995	Secaucus Town	3.001	1.620
Livingston Township	14.070	1.769	Union City	5.107	2.121
Maplewood Township	4.230	2.425	Weehawken Township	3.497	1.688
Millburn Township	1.580	1.603	West New York Town	4.962	1.934
Montclair Township	2.150	2.295			
Newark City	2.490	1.656			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Hunterdon			East Brunswick Township	7.910	2.070
Alexandria Township	2.050	1.795	Edison Township	3.720	1.961
Bethlehem Township	2.780	2.069	Helmetta Borough	1.910	1.909
Bloomsbury Borough	1.820	1.851	Highland Park Borough	6.050	2.247
Califon Borough	2.290	2.278	Jamesburg Borough	4.580	2.126
Clinton Town	2.290	2.111	Metuchen Borough	4.380	1.904
Clinton Township	2.000	1.845	Middlesex Borough	6.700	2.089
Delaware Township	2.040	1.730	Milltown Borough	3.890	1.883
East Amwell Township	1.760	1.615	Monroe Township	3.130	1.516
Flemington Borough	2.280	2.135	New Brunswick City	4.570	1.856
Franklin Township	2.280	1.818	North Brunswick Twp.	4.240	2.273
Frenchtown Borough	2.610	2.121	Old Bridge Township	3.990	1.812
Glen Gardner Borough	2.680	1.802	Perth Amboy City	2.080	2.161
Hampton Borough	2.270	2.202	Piscataway Township	5.540	1.887
High Bridge Borough	2.990	2.539	Plainsboro Township	2.060	1.904
Holland Township	1.830	1.592	Sayreville Borough	3.810	1.720
Kingwood Township	1.620	1.573	South Amboy City	1.720	1.507
Lambertville City	1.500	1.427	South Brunswick Twp.	3.820	1.847
Lebanon Borough	1.540	1.479	South Plainfield Bor.	4.390	1.773
Lebanon Township	2.670	1.746	South River Borough	5.850	1.554
Milford Borough	2.870	2.031	Spotswood Borough	2.460	2.093
Raritan Township	1.960	1.818	Woodbridge Township	7.090	1.865
Readington Township	2.490	1.795			
Stockton Borough	1.510	1.601	Monmouth		
Tewksbury Township	2.240	1.513	Aberdeen Township	5.067	2.035
Union Township	2.610	1.679	Allenhurst Borough	0.579	0.666
West Amwell Township	1.790	1.548	Allentown Borough	4.232	2.151
			Asbury Park City	4.623	1.553
Mercer			Atlantic Highlands Bor.	2.150	1.640
East Windsor Township	5.070	2.296	Avon-by-the-Sea Bor.	2.660	0.903
Ewing Township	4.340	2.503	Belmar Borough	1.724	1.059
Hamilton Township	3.550	1.941	Bradley Beach Borough	1.139	1.208
Hightstown Borough	6.060	2.688	Brielle Borough	1.113	1.266
Hopewell Borough	1.920	2.014	Colts Neck Township	3.151	1.343
Hopewell Township	1.860	2.018	Deal Borough	1.087	0.532
Lawrence Township	3.800	2.006	Eatontown Borough	1.615	1.784
Pennington Borough	1.950	2.091	Englishtown Borough	3.960	1.754
Princeton Borough	3.920	1.732	Fair Haven Borough	2.168	1.612
Princeton Township	3.480	1.730	Farmingdale Borough	1.716	1.704
Robbinsville Township	2.000	2.318	Freehold Borough	2.040	1.872
Trenton City	4.190	2.771	Freehold Township	3.471	1.733
West Windsor Township	1.990	2.141	Hazlet Township	4.537	1.966
			Highlands Borough	2.601	1.884
Middlesex			Holmdel Township	1.518	1.555
Carteret Borough	4.970	2.016	Howell Township	1.883	1.920
Cranbury Township	1.470	1.489	Interlaken Borough	1.405	0.982
Dunellen Borough	10.310	2.279			

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Monmouth (continued)			Kinnelon Borough	2.600	1.765
Keansburg Borough	1.764	1.868	Lincoln Park Borough	3.840	1.773
Keyport Borough	4.550	2.098	Long Hill Township	2.500	1.755
Lake Como Borough	1.291	1.359	Madison Borough	2.350	1.413
Little Silver Borough	2.120	1.648	Mendham Borough	1.380	1.506
Loch Arbour Village	1.689	0.684	Mendham Township	1.530	1.521
Long Branch City	1.347	1.478	Mine Hill Township	1.780	1.822
Manalapan Township	1.645	1.670	Montville Township	3.030	1.648
Manasquan Borough	1.431	1.110	Morris Township	2.210	1.495
Marlboro Township	4.099	1.750	Morris Plains Borough	3.050	1.459
Matawan Borough	5.280	2.254	Morristown Town	2.280	1.924
Middletown Township	3.659	1.557	Mountain Lakes Borough	1.700	1.805
Millstone Township	2.549	1.713	Mount Arlington Borough	1.940	1.587
Monmouth Beach Bor.	1.151	1.021	Mount Olive Township	4.000	2.150
Neptune Township	2.089	1.582	Netcong Borough	2.020	2.130
Neptune City Borough	2.260	1.748	Parsippany-Troy Hills Twp.	2.140	1.736
Ocean Township	1.733	1.445	Pequannock Township	1.590	1.620
Oceanport Borough	1.346	1.450	Randolph Township	2.940	1.756
Red Bank Borough	1.541	1.563	Riverdale Borough	1.420	1.353
Roosevelt Borough	2.023	2.166	Rockaway Borough	2.120	1.845
Rumson Borough	1.389	1.126	Rockaway Township	3.150	2.064
Sea Bright Borough	1.593	0.922	Roxbury Township	3.490	1.883
Sea Girt Borough	0.692	0.703	Victory Gardens Borough	1.700	1.673
Shrewsbury Borough	2.356	1.714	Washington Township	3.500	1.844
Shrewsbury Township	5.535	2.005	Wharton Borough	4.410	1.912
Spring Lake Borough	0.644	0.650			
Spring Lake Heights Bor.	1.815	1.129	Ocean		
Tinton Falls Borough	3.683	1.579	Barnegat Township	1.594	1.760
Union Beach Borough	2.847	1.963	Barnegat Light Borough	0.725	0.681
Upper Freehold Township	1.632	1.737	Bay Head Borough	1.039	0.619
Wall Township	2.284	1.417	Beach Haven Borough	1.000	0.788
West Long Branch Bor.	1.681	1.596	Beachwood Borough	1.385	1.427
			Berkeley Township	3.117	1.388
Morris			Brick Township	3.578	1.380
Boonton Town	4.020	1.837	Eagleswood Township	1.562	1.474
Boonton Township	1.390	1.480	Harvey Cedars Borough	0.696	0.704
Butler Borough	2.610	1.801	Island Heights Borough	1.464	1.295
Chatham Borough	1.520	1.394	Jackson Township	3.843	1.612
Chatham Township	1.500	1.350	Lacey Township	3.315	1.382
Chester Borough	1.860	1.869	Lakehurst Borough	1.652	1.737
Chester Township	1.590	1.676	Lakewood Township	1.603	1.591
Denville Township	2.450	1.654	Lavallette Borough	0.797	0.641
Dover Town	3.870	1.671	Little Egg Harbor Twp.	1.381	1.501
East Hanover Township	1.850	1.307	Long Beach Township	0.819	0.682
Florham Park Borough	1.170	1.225	Manchester Township	2.982	1.452
Hanover Township	2.450	1.257	Mantoloking Borough	0.734	0.486
Harding Township	1.040	0.806	Ocean Township	1.449	1.338
Jefferson Township	1.700	1.798	Ocean Gate Borough	1.884	1.750

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Ocean (continued)			Somerset		
Pine Beach Borough	1.404	1.341	Bedminster Township	1.120	1.085
Plumsted Township	1.320	1.601	Bernards Township	1.530	1.530
Point Pleasant Borough	3.566	1.387	Bernardsville Borough	1.340	1.394
Pt. Pleasant Beach Bor.	0.828	0.981	Bound Brook Borough	5.060	2.380
Seaside Heights Borough	1.037	1.254	Branchburg Township	1.810	1.799
Seaside Park Borough	1.979	1.056	Bridgewater Township	1.700	1.537
Ship Bottom Borough	0.935	0.759	Far Hills Borough	0.940	0.982
South Toms River Bor.	1.526	1.614	Franklin Township	1.860	1.899
Stafford Township	1.709	1.487	Green Brook Township	1.960	1.927
Surf City Borough	0.871	0.741	Hillsborough Township	2.930	1.873
Toms River Township	3.061	1.183	Manville Borough	1.900	1.970
Tuckerton Borough	1.871	1.597	Millstone Borough	1.580	1.912
Passaic			Montgomery Township	2.420	1.928
Bloomington Borough	5.400	2.335	North Plainfield Borough	5.520	2.526
Clifton City	4.190	2.094	Peapack & Gladstone Bor.	1.590	1.476
Haledon Borough	4.990	2.480	Raritan Borough	2.010	1.795
Hawthorne Borough	4.270	2.020	Rocky Hill Borough	3.040	1.415
Little Falls Township	4.720	1.818	Somerville Borough	4.830	2.489
North Haledon Borough	5.800	1.719	South Bound Brook Bor.	5.430	2.628
Passaic City	5.600	2.278	Warren Township	1.650	1.498
Paterson City	1.750	2.223	Watchung Borough	1.610	1.450
Pompton Lakes Borough	5.320	2.353	Sussex		
Prospect Park Borough	5.220	2.395	Andover Borough	3.080	1.819
Ringwood Borough	4.660	2.196	Andover Township	2.900	2.038
Totowa Borough	3.400	1.721	Branchville Borough	1.380	1.425
Wanaque Borough	5.520	2.303	Byram Township	4.740	2.171
Wayne Township	3.980	1.935	Frankford Township	3.580	1.891
West Milford Township	5.440	2.278	Franklin Borough	4.510	2.201
West Paterson Borough	4.120	1.980	Fredon Township	3.480	1.875
Salem			Green Township	2.100	2.092
Alloway Township	3.293	2.391	Hamburg Borough	3.640	2.152
Carneys Point Township	4.255	2.738	Hampton Township	3.540	1.820
Elmer Borough	2.218	2.577	Hardyston Township	3.350	1.717
Elsinboro Township	4.125	2.454	Hopatcong Borough	1.680	2.009
Lower Alloways Crk. Twp.	1.127	0.939	Lafayette Township	1.720	1.752
Mannington Township	2.021	2.347	Montague Township	3.470	1.691
Oldmans Township	4.076	2.712	Newton Town	4.840	2.546
Penns Grove Borough	5.716	3.447	Ogdensburg Borough	4.730	2.396
Pennsville Township	4.123	2.797	Sandyston Township	1.620	1.674
Pilesgrove Township	2.128	2.145	Sparta Township	2.870	1.955
Pittsgrove Township	2.822	2.461	Stanhope Borough	2.250	2.363
Quinton Township	3.477	2.550	Stillwater Township	4.140	1.867
Salem City	2.885	3.516	Sussex Borough	3.980	2.272
Upper Pittsgrove Twp.	1.922	2.076	Vernon Township	4.120	2.041
Woodstown Borough	4.363	2.535	Walpack Township	0.790	0.668
			Wantage Township	1.860	2.034

County	General Tax Rate	Effective Tax Rate	County	General Tax Rate	Effective Tax Rate
Union			Warren		
Berkeley Heights Twp.	3.005	1.660	Allamuchy Township	2.060	1.614
Clark Township	6.655	1.899	Alpha Borough	2.770	2.478
Cranford Township	4.458	1.841	Belvidere Town	4.380	2.409
Elizabeth City	17.844	1.928	Blairstown Township	1.650	1.676
Fanwood Borough	10.299	2.052	Franklin Township	2.530	2.237
Garwood Borough	6.907	2.085	Frelinghuysen Township	2.170	1.891
Hillside Township	6.090	2.694	Greenwich Township	2.520	1.837
Kenilworth Borough	3.418	1.645	Hackettstown Town	3.980	2.424
Linden City	4.399	2.131	Hardwick Township	2.930	1.911
Mountainside Borough	4.899	1.270	Harmony Township	2.170	1.560
New Providence Borough	3.582	1.930	Hope Township	1.730	1.911
Plainfield City	5.668	2.250	Independence Township	1.940	1.829
Rahway City	4.585	2.149	Knowlton Township	3.080	1.993
Roselle Borough	6.448	2.981	Liberty Township	2.850	2.204
Roselle Park Borough	10.394	2.432	Lopatcong Township	1.950	2.023
Scotch Plains Township	8.131	1.968	Mansfield Township	2.780	2.071
Springfield Township	5.236	2.032	Oxford Township	2.250	2.359
Summit City	3.306	1.450	Phillipsburg Town	3.740	2.034
Union Township	14.448	2.147	Pohatcong Township	3.290	2.407
Westfield Town	6.328	1.665	Washington Borough	3.970	2.613
Winfield Township	175.129	14.642	Washington Township	2.930	2.221
			White Township	1.680	1.390

Abstract of Ratables and Exemptions 2007

	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	\$ 14,280,779,150	\$ 17,104,021,450	\$ 31,384,800,600	\$ 7,127,200	\$ 31,377,673,400
Bergen	75,839,185,175	65,262,262,337	141,101,447,512	8,817,300	141,092,630,212
Burlington	9,217,525,521	21,451,191,859	30,668,717,380	59,996,700	30,608,720,680
Camden	6,925,868,865	16,512,506,496	23,438,375,361	51,124,000	23,387,251,361
Cape May	30,942,778,200	14,529,226,100	45,472,004,300	7,031,600	45,464,972,700
Cumberland	1,274,649,975	4,123,883,075	5,398,533,050	17,398,200	5,381,134,850
Essex	24,699,096,900	32,239,063,570	56,938,160,470	407,687,229	56,530,473,241
Gloucester	3,924,748,751	10,942,994,700	14,867,743,451	33,243,065	14,834,500,386
Hudson	7,477,256,178	14,090,075,055	21,567,331,233	209,179,075	21,358,152,158
Hunterdon	8,713,557,474	12,565,660,403	21,279,217,877	8,563,600	21,270,654,277
Mercer	11,553,108,040	19,389,236,256	30,942,344,296	53,255,570	30,889,088,726
Middlesex	17,208,882,502	31,167,863,024	48,376,745,526	96,162,500	48,280,583,026
Monmouth	43,426,951,565	43,818,403,167	87,245,354,732	83,586,760	87,161,767,972
Morris	34,147,508,334	37,804,296,664	71,951,804,998	6,933,500	71,944,871,498
Ocean	37,069,497,655	29,895,472,874	66,964,970,529	2,744,700	66,962,225,829
Passaic	13,300,012,279	16,922,312,336	30,222,324,615	2,580,400	30,219,744,215
Salem	1,101,959,873	2,921,338,840	4,023,298,713	57,200	4,023,241,513
Somerset	21,274,197,100	33,175,837,907	54,450,035,007	7,655,450	54,442,379,557
Sussex	5,608,613,348	8,076,384,346	13,684,997,694		13,684,997,694
Union	9,601,405,020	14,347,894,430	23,949,299,450	31,731,600	23,917,567,850
Warren	3,456,646,315	6,826,317,129	10,282,963,444	3,107,120	10,279,856,324
TOTALS	\$381,044,228,220	\$453,166,242,018	\$834,210,470,238	\$1,097,982,769	\$833,112,487,469

Abstract of Ratables and Exemptions 2007 (continued)

	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	
	Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies	Net Valuation Taxable (Col. 4 + 5)	General Tax Rate to Apply per \$100 Valuation	County Equalization Table—Average Ratio of Assessed to True Value of Real Property (R.S. 54:3-17 to R.S. 54:3-19)	TRUE VALUE		EQUALIZATION
					(a)	(b)	(a)
COUNTY					U.E.Z. Abatement Expired	Class II Railroad Property (C.139, L. 1966)	Amounts Deducted Under R.S. 54:3-17 to R.S. 54:3-19
Atlantic	\$ 50,692,055	\$ 31,428,365,455				\$ 483,165,217	
Bergen	208,579,683	141,301,209,895				2,675,919,771	
Burlington	74,804,617	30,683,525,297			\$ 8,760,105	453,900,721	
Camden	81,543,955	23,468,795,316				417,987,186	
Cape May	35,291,560	45,500,264,260				2,317,452,784	
Cumberland	24,692,123	5,405,826,973					
Essex	143,665,474	56,674,138,715				2,176,501,873	
Gloucester	141,656,741	14,976,157,127				54,968,945	
Hudson	41,563,843	21,399,716,001					
Hunterdon	55,581,774	21,326,236,051				7,571,263	
Mercer	78,419,470	30,967,508,196			2,019,101	1,241,811,897	
Middlesex	112,066,968	48,392,649,994				171,381,873	
Monmouth	153,561,058	87,315,329,030				1,713,054,787	
Morris	133,403,935	72,078,275,433				879,199,998	
Ocean	88,436,028	67,050,661,857				1,345,220,863	
Passaic	48,307,211	30,268,051,426				2,035,442,438	
Salem	16,621,548	4,039,863,061				121,387,179	
Somerset	81,876,700	54,524,256,257				425,708,085	
Sussex	35,395,191	13,720,392,885				513,289,459	
Union	34,538,504	23,952,106,354					
Warren	28,455,816	10,308,312,140				98,283,503	
TOTALS	\$1,669,154,254	\$834,781,641,723			\$10,779,206	\$17,132,247,842	

Abstract of Ratables and Exemptions 2007 (continued)

	Col. 10	Col. 11	Col. 12—APPORTIONMENT OF TAXES				
			Section A				
			County Taxes				
	EQUALIZATION	Net Valuation on	I	II			
	(b)	Which County		ADJUSTMENTS RESULTING FROM			
	Amounts	Taxes Are	Total County	County Equalization Table		Appeals and Corrected Errors	
	Added Under	Apportioned	Taxes	Appeals (R.S. 54:51A-4)		(R.S. 54:4-49; R.S. 54:4-53)	
	R.S. 54:3-17 to	(Col. 6 – 9(a)	Apportioned	(a)	(b)	(c)	(d)
	R.S. 54:3-19 and	+ 9(b) – 10(a)	(Including Total	Deduct	Add	Deduct	Add
COUNTY	N.J.S.A. 54:11D-7	+ 10(b))	Net Adjustments)	Overpayment	Underpayment	Overpayment	Underpayment
Atlantic	\$ 20,264,094,350	\$ 51,209,294,588	\$ 125,330,046.58			\$ 4,340,994.26	\$ 6,355.61
Bergen	34,238,210,610	172,863,500,734	296,931,956.87			2,400,757.87	
Burlington	16,675,430,099	46,896,294,570	163,077,801.74			302,327.81	24,526.07
Camden	15,153,566,143	38,204,374,273	243,863,080.00			591,347.00	
Cape May	9,770,482,311	52,953,293,787	80,139,122.73			146,736.80	264.32
Cumberland	2,750,447,176	8,156,274,149	76,238,464.86			138,464.86	
Essex	34,026,295,079	88,523,931,921	338,913,818.31			4,216,688.79	4,105.48
Gloucester	10,819,848,892	25,741,037,074	131,514,389.97			69,389.97	
Hudson	37,212,595,007	58,612,311,008	235,681,677.46			1,905,990.46	
Hunterdon	4,228,498,118	25,547,162,906	70,960,371.52			104,310.61	1,939.09
Mercer	14,630,618,321	44,354,295,519	194,036,414.81			244,946.69	189,326.88
Middlesex	54,233,398,818	102,454,666,939	263,441,061.99			1,400,837.79	459,775.80
Monmouth	33,756,896,262	119,359,170,505	287,246,319.61			795,038.18	52,718.57
Morris	26,876,552,838	98,075,628,273	187,524,564.28			1,448,822.72	
Ocean	37,456,550,258	103,161,991,252	263,947,604.02			389,081.58	1,806.56
Passaic	24,207,880,950	52,440,489,938	254,425,880.50			1,248,649.76	
Salem	1,059,008,222	4,977,484,104	45,724,729.48			54,126.06	1,422.16
Somerset	7,203,035,192	61,301,583,364	167,944,442.14			445,897.42	1,455.28
Sussex	6,621,822,363	19,828,925,789	65,792,102.76			108,548.57	1,676.81
Union	47,751,560,658	71,703,667,012	239,545,740.56			962,973.56	
Warren	2,849,752,683	13,059,781,320	65,059,221.87			962,463.87	
TOTALS	\$441,786,544,350	\$1,259,425,159,025	\$3,797,338,812.06			\$22,278,394.63	\$745,372.63

Abstract of Ratables and Exemptions 2007 (continued)

Col. 12—APPORTIONMENT OF TAXES						
COUNTY	Section A County Taxes			Section B		
	III Net County Taxes Apportioned	IV Municipal Budget State Aid (R.S. 52:27D-118.40)	V Net County Taxes Apportioned Less Municipal Budget State Aid (Col. AIII-IV- Addendum 1(a))	(a) County Library Taxes	(b) County Health Taxes	(c) County Open Space Taxes
Atlantic	\$ 120,995,407.93		\$ 120,995,407.93	\$ 7,797,468.00	\$ 4,047,611.00	\$ 10,241,858.91
Bergen	294,531,199.00		294,531,199.00			17,286,350.07
Burlington	162,800,000.00	\$100,000.00	162,700,000.00	11,089,980.00		18,727,439.53
Camden	243,271,733.00		243,271,733.00	8,139,861.00		7,620,874.85
Cape May	79,992,650.25		79,992,650.25	8,889,811.01		5,295,329.38
Cumberland	76,100,000.00		76,100,000.00		1,900,000.00	815,627.41
Essex	334,701,235.00		334,701,235.00			8,852,394.00
Gloucester	131,445,000.00		131,445,000.00	3,996,540.00		10,291,403.63
Hudson	233,775,687.00		233,775,687.00			5,861,231.11
Hunterdon	70,858,000.00		70,858,000.00	5,807,149.00		7,644,000.00
Mercer	193,980,795.00		193,980,795.00	9,733,362.00		13,303,308.05
Middlesex	262,500,000.00		262,500,000.00			30,736,400.08
Monmouth	286,504,000.00		286,504,000.00	11,527,743.00	1,752,756.00	17,903,875.58
Morris	186,075,741.56		186,075,741.56			46,585,923.43
Ocean	263,560,329.00		263,560,329.00	30,615,559.00	10,650,000.00	12,386,760.00
Passaic	253,177,230.74		253,177,230.74			5,244,048.99
Salem	45,672,025.58		45,672,025.58			995,525.72
Somerset	167,500,000.00		167,500,000.00	12,572,758.00		18,345,970.49
Sussex	65,685,231.00	20,866.00	65,664,365.00	4,610,000.00	1,641,706.00	6,940,124.00
Union	238,582,767.00		238,582,767.00			10,755,550.06
Warren	64,096,758.00		64,096,758.00	5,190,461.00		7,835,869.00
TOTALS	\$3,775,805,790.06	\$120,866.00	\$3,775,684,924.06	\$119,970,692.01	\$19,992,073.00	\$263,669,864.29

Abstract of Ratables and Exemptions 2007 (continued)

Col. 12—APPORTIONMENT OF TAXES

Section C Local Taxes to be Raised for

COUNTY	I DISTRICT SCHOOL PURPOSES			II LOCAL MUNICIPAL PURPOSES	
	(a) District School Budget (Adjusted by Addendum 1(b))	(b) Regional Consolidated and Joint School Budgets	(c) Local School Budget	(a) Local Municipal Budget (Adjusted by Addendum 1(c))	(b) Local Municipal Open Space
	Atlantic	\$ 326,345,577.06	\$ 53,974,016.50	\$ 6,084,135.64	\$ 300,921,826.89
Bergen	1,478,153,221.97	207,740,310.66	371,028.00	877,255,539.05	4,942,161.67
Burlington	488,784,267.00	158,048,198.79		169,516,131.75	7,586,824.25
Camden	502,158,376.80	59,017,561.01		210,917,389.76	2,044,224.17
Cape May	119,666,263.00	16,898,056.00		144,125,703.76	
Cumberland	54,645,403.50	8,813,076.44		50,341,271.83	
Essex	685,184,237.50	148,505,675.64	25,248,857.01	602,548,894.31	1,391,096.75
Gloucester	294,287,085.54	50,048,275.84		131,232,014.08	2,304,261.55
Hudson	341,834,377.00		14,412,796.25	431,779,988.57	
Hunterdon	199,437,678.86	113,372,253.46		50,289,762.53	6,327,144.70
Mercer	252,519,908.00	252,524,555.03	833,360.00	202,027,156.55	5,572,611.33
Middlesex	1,122,778,475.21	52,960,597.96	466,311.65	458,900,521.08	6,505,117.05
Monmouth	800,185,507.97	296,639,005.95		384,775,319.51	9,278,058.92
Morris	767,935,420.69	230,658,872.45		365,087,619.74	12,010,283.51
Ocean	454,646,039.10	189,064,814.66	5,324,012.00	315,070,538.43	4,505,139.33
Passaic	452,059,330.19	42,482,703.64		339,594,071.80	1,635,206.00
Salem	45,259,436.50	18,235,107.04		14,675,058.15	541,326.77
Somerset	499,269,323.00	161,551,796.66		173,970,873.00	18,243,563.65
Sussex	172,952,841.50	67,081,328.30		76,240,615.32	1,204,628.82
Union	615,402,116.50	66,673,637.50	3,432,713.00	458,249,411.28	328,242.79
Warren	103,532,177.00	41,236,493.00		37,941,488.27	2,458,286.27
TOTALS	\$9,777,037,063.89	\$2,235,526,336.53	\$56,173,213.55	\$5,795,461,195.66	\$87,386,691.53

Abstract of Ratables and Exemptions 2007 (continued)

	Col. 12	Col. 13			
	Section D Total Tax Levy on Which Tax Rate is Computed	REAL PROPERTY EXEMPT FROM TAXATION			
		(a) Public School Property	(b) Other School Property	(c) Public Property	(d) Church and Charitable Property
COUNTY	(Cols. AV + B(a), (b), (c) + CI(a), (b), (c) + CII(a), (b))				
Atlantic	\$ 830,916,415.93	\$ 737,345,000	\$ 43,809,200	\$ 1,315,721,120	\$ 253,133,390
Bergen	2,880,279,810.42	2,629,344,300	869,391,575	6,869,767,300	1,527,643,600
Burlington	1,016,452,841.32	939,306,950	77,418,750	2,061,132,650	535,724,400
Camden	1,033,170,020.59	1,100,975,819	72,422,400	1,356,866,646	793,536,728
Cape May	374,867,813.40	374,037,900	31,901,800	2,468,297,700	481,520,895
Cumberland	192,615,379.18	254,947,000	22,225,600	800,121,200	151,806,500
Essex	1,806,432,390.21	1,724,297,596	936,833,426	6,337,957,367	1,647,108,023
Gloucester	623,604,580.64	448,587,000	142,940,320	476,671,200	288,885,850
Hudson	1,027,664,079.93	660,749,600	362,363,200	2,272,650,780	649,974,090
Hunterdon	453,735,988.55	346,940,946	1,967,900	865,886,020	237,974,667
Mercer	930,495,055.96	787,865,652	1,753,960,100	2,835,596,195	595,028,734
Middlesex	1,934,847,423.03	1,421,043,673	1,448,896,900	1,751,095,730	1,000,107,691
Monmouth	1,808,566,266.93	1,550,720,200	310,816,000	3,576,249,987	1,015,020,900
Morris	1,608,353,861.38	1,153,188,400	429,293,400	3,328,991,700	953,603,400
Ocean	1,285,823,191.52	845,309,191	239,578,800	3,200,315,104	621,446,544
Passaic	1,094,192,591.36*	921,375,800	252,633,500	2,057,578,380	798,668,400
Salem	125,378,479.76	133,575,100	8,887,700	190,344,028	92,610,021
Somerset	1,051,454,284.80	645,181,796	110,640,647	1,380,844,773	447,535,045
Sussex	396,335,608.94	282,950,576	25,806,500	865,047,540	173,957,595
Union	1,393,424,438.13	678,642,400	222,578,600	1,458,566,600	677,740,200
Warren	262,291,532.54	228,290,298	72,795,800	353,825,499	160,430,017
TOTALS	\$22,130,902,054.52	\$17,864,675,197	\$7,437,162,118	\$45,823,527,519	\$13,103,456,690

*Includes special garbage district levy \$2,468,291.00

Abstract of Ratables and Exemptions 2007 (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	\$ 17,106,800	\$ 1,393,891,380	\$ 3,761,006,890	\$ 40,854,451.32	\$ 102,024,631.44
Bergen	581,476,300	3,925,514,620	16,403,137,695	106,383,076.00	285,341,155.51
Burlington	16,599,100	680,774,052	4,310,955,902	69,787,620.00	133,381,265.60
Camden	49,552,800	877,360,312	4,250,714,705	33,563,706.15	269,212,999.90
Cape May	10,748,500	447,864,200	3,814,370,995	26,351,423.47	70,688,955.01
Cumberland	6,792,700	344,009,800	1,579,902,800	12,988,319.87	64,333,187.71
Essex	235,715,000	2,073,455,885	12,955,367,297	71,875,806.86	711,371,071.82
Gloucester	9,573,400	292,404,200	1,659,061,970	34,378,601.01	87,235,714.64
Hudson	70,264,900	4,401,567,027	8,417,569,597	36,085,903.00	578,245,108.24
Hunterdon	15,204,000	173,959,526	1,641,933,059	20,315,801.58	44,523,483.27
Mercer	30,108,600	775,743,980	6,778,303,261	34,531,503.02	257,665,535.41
Middlesex	120,699,900	1,560,632,164	7,302,476,058	69,359,449.80	341,485,031.44
Monmouth	105,092,700	2,008,072,850	8,565,972,637	97,887,929.53	228,298,344.41
Morris	59,964,700	904,567,600	6,829,609,200	70,268,589.55	169,689,527.09
Ocean	34,574,100	574,270,311	5,515,494,050	73,847,941.98	156,594,729.29
Passaic	106,412,400	946,614,700	5,083,283,180	34,944,400.00	209,075,533.87
Salem	3,154,800	125,360,600	553,932,249	11,208,249.00	37,722,346.78
Somerset	32,351,700	684,126,284	3,300,680,245	54,977,112.66	95,475,943.28
Sussex	5,282,000	143,493,700	1,496,537,911	18,461,758.75	37,600,917.64
Union	112,811,900	841,308,300	3,991,648,000	67,094,756.00	239,964,010.94
Warren	9,230,200	222,393,624	1,046,965,438	15,692,351.02	32,811,245.48
TOTALS	\$1,632,716,500	\$23,397,385,115	\$109,258,923,139	\$1,000,858,750.57	\$4,152,740,738.77

Abstract of Ratables and Exemptions 2007 (continued)

	Col. 14		Col. 15		Col. 16
COUNTY	AMOUNT OF MISCELLANEOUS REVENUE FOR THE SUPPORT OF THE LOCAL MUNICIPAL BUDGET		DEDUCTIONS ALLOWED		Total Ratables Determined Pursuant to R.S. 54:1-35 After Equalization Under R.S. 54:1-33 and R.S. 54:1-34
	(c) Receipts from Delinquent Tax and Liens	(d) Total of Miscellaneous Revenues (Cols. a + b + c)	(a) Full Estimated Amount of Senior Citizen, Totally Disabled and Surviving Spouse Deductions Allowed	(b) Veterans Deductions	
	Atlantic	\$ 4,492,785.00	\$ 147,371,867.76	\$ 701,750	
Bergen	27,135,488.98	418,859,720.49	2,099,750	7,312,750	180,207,616,315
Burlington	13,436,966.74	216,605,852.34	1,173,500	4,944,250	50,495,888,961
Camden	14,010,886.56	316,787,592.61	1,982,752	4,308,200	41,409,021,714
Cape May	4,016,937.96	101,057,316.44	379,500	1,438,000	54,115,161,908
Cumberland	4,136,476.72	81,457,984.30	774,625	1,177,000	9,110,946,900
Essex	46,599,057.17	829,845,935.85	873,625	2,897,975	93,267,799,888
Gloucester	11,916,167.99	133,530,483.64	1,051,875	2,883,050	27,472,693,310
Hudson	6,410,421.00	620,741,432.24	866,750	1,528,500	64,230,758,562
Hunterdon	5,822,861.16	70,662,146.01	177,250	1,021,500	24,628,614,688
Mercer	7,054,703.53	299,251,741.96	945,250	2,670,250	47,407,534,192
Middlesex	14,709,986.12	425,554,467.36	1,906,000	6,140,500	108,929,963,424
Monmouth	19,383,715.49	345,569,989.43	1,085,750	4,094,600	126,074,912,133
Morris	15,077,730.00	255,035,846.64	744,750	3,866,500	101,650,110,068
Ocean	18,696,075.23	249,138,746.50	3,258,625	9,322,000	107,636,225,899
Passaic	9,899,026.06	253,918,959.93	1,065,250	2,886,500	55,623,705,991
Salem	3,394,170.93	52,324,766.71	289,250	788,750	5,268,705,430
Somerset	7,765,000.00	158,218,055.94	535,750	2,168,875	62,394,256,799
Sussex	7,038,942.54	63,101,618.93	327,958	1,326,842	20,916,597,014
Union	18,168,238.00	325,227,004.94	1,280,500	3,609,250	76,657,965,841
Warren	5,134,842.02	53,638,438.52	314,750	1,049,125	13,620,394,720
TOTALS	\$264,300,479.20	\$5,417,899,968.54	\$21,835,210	\$67,641,417	\$1,328,506,229,891

Abstract of Ratables and Exemptions 2007 (continued)

COUNTY	Addendum 1			Addendum 2				
	STATE AID ADJUSTMENT FOR BUSINESS PERSONAL PROPERTY TAX			REGIONAL EFFICIENCY AID PROGRAM (R.E.A.P.) DISTRIBUTION SUMMARY				
	(a) County Adjustment	(b) School Adjustment	(c) Municipal Adjustment	(a) Eligible Property Assessments	(b) 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		\$ 288,628		\$4,405,267,300	\$1,242,274			\$1,242,274
Burlington		145,464		212,087,600	144,619			144,619
Camden		610,713		11,380,600	13,661			13,661
Cape May		13,439						
Cumberland		38,993						
Essex		1,491,315						
Gloucester		143,715		265,016,600	98,765			98,765
Hudson				2,659,184,590	6,398,891			6,398,891
Hunterdon								
Mercer		79,034						
Middlesex								
Monmouth								
Morris		645,716						
Ocean		16,372						
Passaic		71,908				\$420,057		420,057
Salem		96,952		77,404,700	51,790			51,790
Somerset		207,525						
Sussex								
Union								
Warren								
TOTALS		\$3,849,774		\$7,630,341,390	\$7,950,000	\$420,057		\$8,370,057

Abstract of Ratables and Exemptions 2007 (continued)

	Addendum 3	Addendum 4	
	POLICE AND FIRE AND PFRS		
COUNTY	(a) County Portion	(b) Municipal Portion	Equalized Value Based on in Lieu of Taxes (Cols. 10(a) and 10(b))
Atlantic			
Bergen			
Burlington			
Camden			
Cape May			
Cumberland			
Essex			
Gloucester			
Hudson			
Hunterdon			
Mercer			
Middlesex			
Monmouth			\$8,441,752
Morris			
Ocean			
Passaic			
Salem			
Somerset			
Sussex			
Union			
Warren			
TOTALS			\$8,441,752

2007 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	\$ 1,000,000	5,251,000	\$ 1,000	-	\$ 4,103,400	-	-	-
Camden	79,000	-	-	-	-	-	-	-
Cape May	-	-	1,000	-	-	-	-	-
Cumberland	2,497,300	-	-	-	-	-	-	-
Essex	458,000	469,400	-	-	395,611,229	-	-	-
Gloucester	11,819,500	-	-	-	-	-	-	-
Hudson	10,000	-	-	\$2,500,000	-	\$30,000	\$7,165,400	-
Hunterdon	-	-	-	-	-	-	-	-
Mercer	-	3,703,700	100,600	-	42,196,640	-	-	-
Middlesex	9,785,100	18,639,900	-	-	-	-	-	-
Monmouth	-	1,820,200	-	2,277,700	-	-	-	-
Morris	198,400	4,296,500	1,131,700	151,300	-	-	-	-
Ocean	48,600	-	447,500	-	-	-	-	-
Passaic	-	499,600	-	-	-	-	-	-
Salem	-	-	-	-	-	-	-	-
Somerset	-	-	-	-	-	25,000	-	-
Sussex	-	-	-	-	-	-	-	-
Union	-	-	-	-	31,731,600	-	-	-
Warren	709,800	-	15,200	-	1,339,200	-	-	-
TOTALS	\$26,605,700	\$35,761,200	\$1,697,000	\$4,929,000	\$474,982,069	\$55,000	\$7,165,400	-

2007 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	-	\$ 4,595,900	\$ 141,700	\$ 417,300	-	-	\$ 1,972,300	\$ 7,127,200
Bergen	\$ 426,900	7,217,100	-	-	-	-	92,400	8,817,300
Burlington	2,775,800	8,584,000	-	-	-	-	38,281,500	59,996,700
Camden	3,670,300	23,152,800	-	-	-	-	24,221,900	51,124,000
Cape May	-	259,300	-	6,698,100	-	-	73,200	7,031,600
Cumberland	-	6,397,900	-	388,500	-	-	8,114,500	17,398,200
Essex	126,400	8,254,100	-	-	\$1,050,000	-	1,718,100	407,687,229
Gloucester	-	5,021,000	-	-	-	-	16,402,565	33,243,065
Hudson	24,800,900	85,325,250	62,702,625	-	5,799,200	\$2,549,500	18,296,200	209,179,075
Hunterdon	489,600	-	-	-	-	-	8,074,000	8,563,600
Mercer	19,230	7,139,700	-	-	-	-	95,700	53,255,570
Middlesex	23,087,300	27,060,600	-	-	-	-	17,589,600	96,162,500
Monmouth	3,483,400	13,798,800	-	10,217,700	-	-	51,988,960	83,586,760
Morris	50,000	264,700	-	-	-	-	840,900	6,933,500
Ocean	-	824,500	-	-	-	-	1,424,100	2,744,700
Passaic	2,066,200	14,600	-	-	-	-	-	2,580,400
Salem	-	57,200	-	-	-	-	-	57,200
Somerset	604,700	6,841,250	-	-	-	-	184,500	7,655,450
Sussex	-	-	-	-	-	-	-	-
Union	-	-	-	-	-	-	-	31,731,600
Warren	-	-	-	-	-	-	1,042,920	3,107,120
TOTALS	\$61,600,730	\$204,808,700	\$62,844,325	\$17,721,600	\$6,849,200	\$2,549,500	\$190,413,345	\$1,097,982,769

Summary of 2007 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

Col. 1	Col. 2									
COUNTY	Total Number of Tax Appeals	NUMBER OF DISPOSITIONS							Property Tax Deduction Granted	Property Tax Deduction Denied
		Assessment Revised	Assessment Affirmed	Stipulated	Freeze Act	Dismissed With Prejudice	Dismissed Without Prejudice	Withdrawn		
Atlantic	595	54	118	212	0	25	33	43	1	0
Bergen	3,389	609	361	1,378	0	154	781	77	1	1
Burlington	635	287	31	141	0	32	9	122	2	0
Camden	714	37	45	172	0	33	5	405	10	1
Cape May	1,305	238	448	375	0	134	17	87	3	0
Cumberland	123	17	0	56	0	1	1	7	40	0
Essex	4,157	168	159	1,505	0	254	1,827	201	25	0
Gloucester	160	40	25	46	0	6	19	21	1	0
Hudson	885	82	31	305	0	30	245	149	3	0
Hunterdon	571	73	41	259	0	12	127	55	0	0
Mercer	838	516	57	160	1	34	19	45	0	0
Middlesex	696	95	31	181	0	11	299	54	3	1
Monmouth	1,736	359	379	466	0	153	215	151	4	1
Morris	1,136	49	343	452	0	107	43	136	2	0
Ocean	2,346	512	193	486	0	406	439	259	35	1
Passaic	2,115	351	281	320	0	223	455	32	3	1
Salem	168	52	25	66	0	12	1	8	1	0
Somerset	333	53	43	163	0	17	32	14	3	0
Sussex	550	278	106	39	0	60	27	35	0	2
Union	717	16	29	185	0	32	390	65	0	0
Warren	244	17	41	92	0	16	68	8	0	0
TOTALS	23,413	3,903	2,787	7,059	1	1,752	5,052	1,974	137	8

Summary of 2007 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			
COUNTY	Farmland Assessment Granted	Farmland Assessment Denied	Classification	R.E.A.P. Credit	Other	Class 1 Vacant Land	Class 2 Residential	Class 3A Farm Regular	Class 3B Farm Qualified
Atlantic	0	0	0	0	109	50	452	2	1
Bergen	0	0	2	0	25	165	2,596	3	1
Burlington	0	1	10	0	0	156	365	23	8
Camden	0	0	2	0	4	380	274	1	2
Cape May	0	2	1	0	0	298	895	9	0
Cumberland	0	0	1	0	0	26	62	2	1
Essex	0	0	0	0	18	128	3,040	0	0
Gloucester	1	0	1	0	0	28	84	4	2
Hudson	0	0	40	0	0	84	398	0	0
Hunterdon	0	0	4	0	0	225	262	27	13
Mercer	0	0	1	0	5	154	576	18	3
Middlesex	8	1	12	0	0	131	278	3	9
Monmouth	0	1	7	0	0	169	1,289	20	5
Morris	0	0	4	0	0	581	481	7	0
Ocean	0	0	15	0	0	811	1,375	2	1
Passaic	0	0	0	0	449	127	1,294	0	0
Salem	0	0	3	0	0	32	93	6	9
Somerset	1	4	3	0	0	30	252	6	3
Sussex	1	1	0	0	1	103	363	15	16
Union	0	0	0	0	0	34	193	0	0
Warren	1	1	0	0	0	89	118	10	4
TOTALS	12	11	106	0	611	3,801	14,740	158	78

Summary of 2007 County Tax Board Appeals Reported Pursuant to C. 499 P.L. 1979 (N.J.S.A. 54:3-5.1)

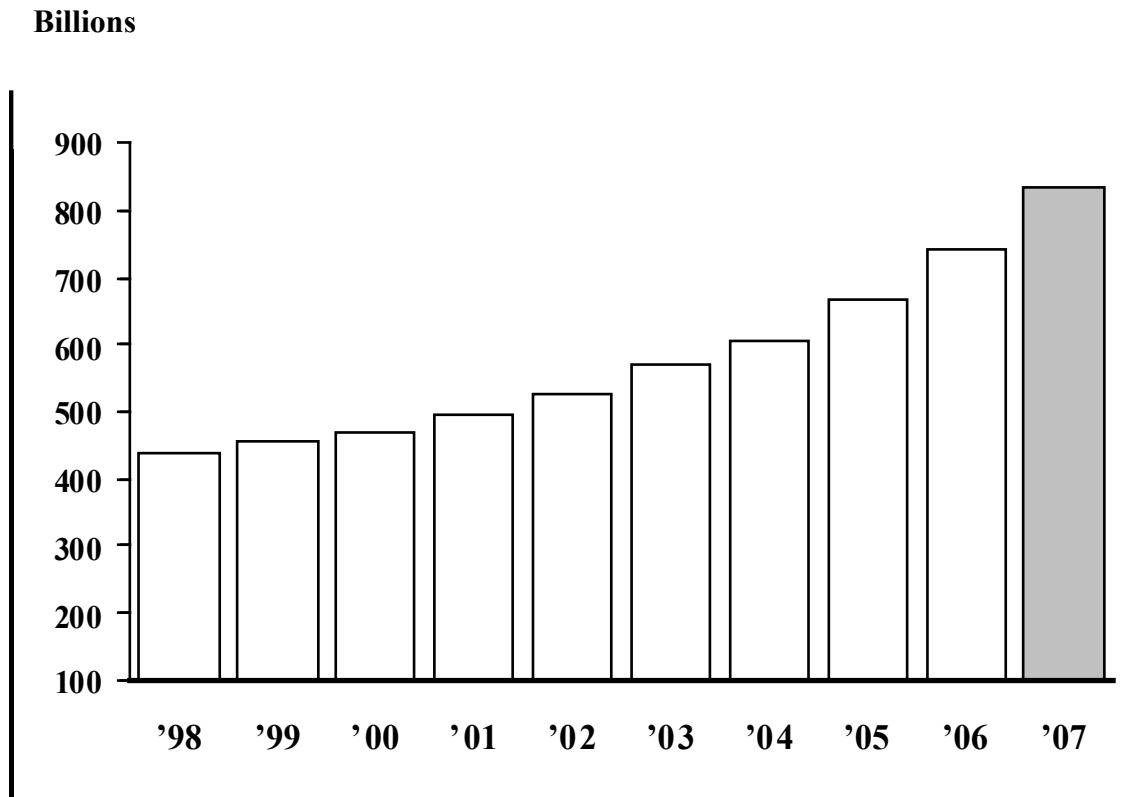
	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	
NUMBER OF APPEALS IN EACH CLASS OF PROPERTY						
COUNTY	Class 4 Commercial Industrial Apartment	Other	Original Amount of Assessments	Total Assessment Reductions Granted	Total Assessment Increases Granted	Net Total Assessments (Col. 4 – 5 + 6)
Atlantic	88	2	\$ 1,432,061,700	\$ 38,298,755	\$ 805,000	\$ 1,394,567,945
Bergen	613	11	4,884,718,531	455,033,210	4,334,727	4,434,020,048
Burlington	72	11	325,255,466	28,538,740	3,037,400	299,754,126
Camden	56	1	168,026,400	15,680,000	196,800	152,543,200
Cape May	103	0	626,256,300	50,617,000	564,900	576,204,200
Cumberland	30	2	35,515,400	6,563,600	69,600	29,021,400
Essex	977	12	2,312,776,478	141,852,951	465,600	2,171,389,127
Gloucester	41	1	53,522,100	6,224,900	6,322,700	53,619,900
Hudson	399	4	306,221,297	34,550,747	683,300	272,353,850
Hunterdon	42	2	355,977,645	27,964,531	628,100	328,641,214
Mercer	66	21	682,730,722	57,690,112	4,947,500	629,988,110
Middlesex	270	5	445,433,461	30,576,500	449,500	415,306,461
Monmouth	252	1	1,646,180,400	94,946,940	902,100	1,552,135,560
Morris	67	0	522,911,300	57,728,600	2,144,900	467,327,600
Ocean	157	0	1,035,752,090	77,632,600	1,444,900	959,564,390
Passaic	688	6	855,744,200	80,742,350	550,200	775,552,050
Salem	25	3	77,671,656	5,910,421	62,121	71,823,356
Somerset	41	1	216,492,855	16,909,651	823,284	200,406,488
Sussex	46	7	218,502,910	13,240,043	2,815,000	208,077,867
Union	485	5	216,305,100	11,760,200	252,900	204,797,800
Warren	22	1	96,353,000	6,710,300	503,160	90,145,860
TOTALS	4,540	96	\$16,514,409,011	\$1,259,172,151	\$32,003,692	\$15,287,240,552

Summary of 2007 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	46	209	162	59	1	1	117	595
Bergen	78	928	778	442	13	0	1,150	3,389
Burlington	162	145	61	22	6	0	239	635
Camden	403	177	69	23	0	3	39	714
Cape May	138	792	279	90	0	0	6	1,305
Cumberland	37	13	3	7	8	0	55	123
Essex	1,153	979	823	316	0	0	886	4,157
Gloucester	35	52	9	7	0	2	55	160
Hudson	292	362	80	34	0	40	77	885
Hunterdon	170	172	82	20	11	0	116	571
Mercer	19	310	163	45	2	0	299	838
Middlesex	67	309	154	37	1	0	128	696
Monmouth	73	631	561	370	2	1	98	1,736
Morris	124	357	206	86	1	271	91	1,136
Ocean	601	1,035	312	120	43	0	235	2,346
Passaic	463	1,066	287	82	0	0	217	2,115
Salem	71	47	17	7	0	0	26	168
Somerset	17	128	114	43	2	0	29	333
Sussex	84	213	79	22	4	2	146	550
Union	219	361	108	9	1	0	19	717
Warren	33	151	31	8	0	1	20	244
TOTALS	4,285	8,437	4,378	1,849	95	321	4,048	23,413

Total Taxable Value Land and Improvements in New Jersey 1998 – 2007



2007 County Values

Atlantic	\$ 31,384,800,600	Middlesex	\$ 48,376,745,526
Bergen	141,101,447,512	Monmouth	87,245,354,732
Burlington	30,668,717,380	Morris	71,951,804,998
Camden	23,438,375,361	Ocean	66,964,970,529
Cape May	45,472,004,300	Passaic	30,222,324,615
Cumberland	5,398,533,050	Salem	4,023,298,713
Essex	56,938,160,470	Somerset	54,450,035,007
Gloucester	14,867,743,451	Sussex	13,684,997,694
Hudson	21,567,331,233	Union	23,949,299,450
Hunterdon	21,279,217,877	Warren	10,282,963,444
Mercer	30,942,344,296	Total	\$834,210,470,238

Taxes Administered by the Public Utility Tax Section for 2008 (Calendar Year Due)

Public Utility Taxes (Excise, Franchise, and Gross Receipts Taxes), Transitional Energy Facility Assessment (TEFA), and Uniform Transitional Utility Assessment (UTUA)

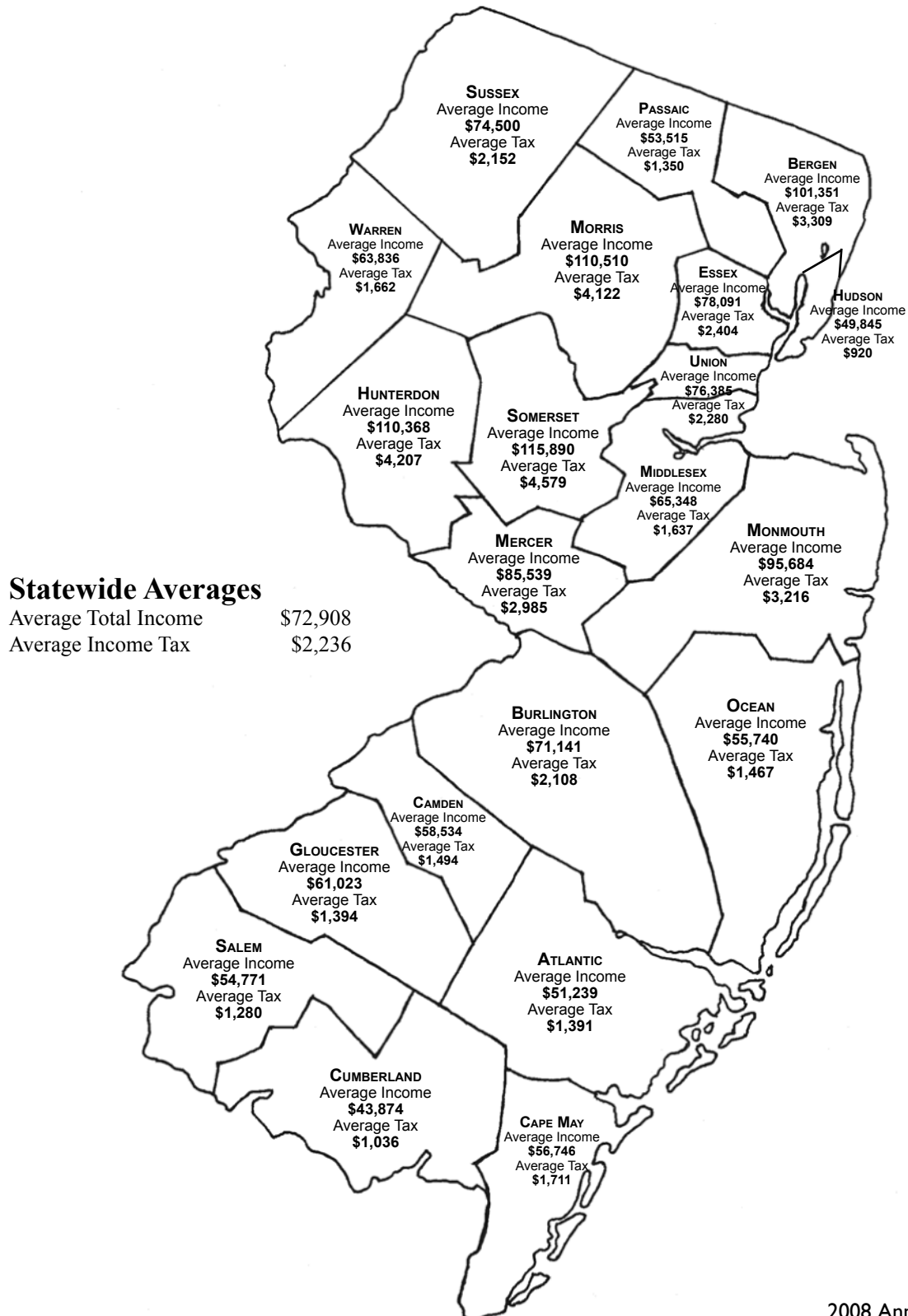
Assessed by the State and Available for Appropriation and Distribution to Municipalities
Distribution Subject to Budgetary and Statutory Limitations and Restrictions

PUBLIC UTILITY TAXES							
Classification	No. of Companies	Excise Taxes	Franchise Taxes	Gross Receipts Taxes	TEFA	UTUA (CBT)	UTUA (S&U-EN)
Sewer Companies.....	19	\$ 528,094	\$ 1,374,609	\$ 2,594,111	NA	NA	NA
Water Companies.....	37	11,706,994	33,732,978	53,661,217	NA	NA	NA
Energy Companies.....	17	NA	NA	NA	\$257,636,575	\$121,533,592	\$515,671,795
Telephone Companies.....	3	NA	NA	NA	NA	13,135,693	NA
Totals.....	76	\$12,235,088	\$35,107,587	\$56,255,328	\$257,636,575	\$134,669,285	\$515,671,795
Total Net Tax Assessed					\$1,011,575,658		

Individual Income Tax Returns County Profile 2006

County	No. of Returns	NJ Taxable Income	Net Charged Tax
Atlantic	118,874	\$ 5,391,501,417	\$ 165,367,035
Bergen	388,245	36,327,261,348	1,284,581,881
Burlington	189,183	12,131,662,174	398,737,180
Camden	212,551	11,124,676,290	317,650,131
Cape May	40,897	2,075,670,850	69,984,854
Cumberland	58,593	2,272,182,986	60,713,665
Essex	309,331	22,259,761,359	743,525,123
Gloucester	118,575	6,453,138,915	165,306,191
Hudson	252,753	11,586,300,530	232,606,794
Hunterdon	54,310	5,478,364,068	228,503,492
Mercer	146,358	11,519,517,053	436,928,827
Middlesex	335,028	19,691,321,596	548,478,084
Monmouth	271,372	23,808,426,902	872,603,306
Morris	214,686	21,867,410,979	884,849,671
Ocean	238,354	11,629,484,189	349,565,517
Passaic	209,426	9,912,223,370	282,667,331
Salem	26,405	1,290,641,183	33,809,739
Somerset	139,389	14,965,202,054	638,225,814
Sussex	62,277	4,141,183,899	134,026,158
Union	226,837	15,800,465,589	517,262,834
Warren	44,761	2,523,224,780	74,393,697
County Unknown	308,861	20,181,743,293	771,125,482
Totals	3,967,066	\$272,431,364,824	\$9,210,912,805

Average Total Income and Average Income Tax By County — Tax Year 2006



Sales and Use Tax Collections by Business Type
Return Years 2005–2007
(Dollar Amounts in Thousands)

Business Type	Number of Vendors			Total Collections			% Change	
	2005	2006	2007	2005	2006	2007	2005–2006	2006–2007
Exempt Organizations	781	775	770	\$ 3,854	\$ 4,570	\$ 5,780	18.6%	26.5%
Manufacturing	17,984	19,122	20,055	328,223	397,274	457,211	21.0	15.1
Service	81,181	83,631	85,930	1,603,466	1,792,813	2,274,446	11.8	26.9
Wholesale	11,286	11,070	11,151	278,018	319,009	364,771	14.7	14.3
Construction	18,339	18,267	18,531	137,088	160,467	178,206	17.1	11.1
Retail	82,578	78,053	75,853	3,686,252	4,038,401	4,414,772	9.6	9.3
Government	30	39	43	759	3,312	3,227	336.4	-2.6
Not Classified	8,355	8,753	9,060	83,600	100,379	131,492	20.1	31.0
Totals	220,534	219,710	221,393	\$6,121,259	\$6,816,224	\$7,829,904	11.4%	14.9%

2008 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%	5.1%, 8.5%	9.99%
PERSONAL INCOME	*3%– 5.0%	*0%– 5.95%	*2%– 6.25%	5.3%	*1.4%– 8.97%	*4%– 6.85%	*2.907%– 3.648%	*0.618%– 6.24%	3.07%
*Graduated Rates									
MOTOR FUELS¹									
• Excise Tax/Gal.									
Gasoline	\$0.25	\$0.23	\$0.235	\$0.21	\$0.105²	\$0.08	0	\$0.28	\$0.312
Diesel	\$0.434	\$0.22	\$0.2425	\$0.21	\$0.135	\$0.08	0	\$0.28	\$0.381
• Sales Tax	0	0.5%	0	0	0	4%	4.125%	0	0
¹ Various other taxes are applied to motor fuels in the states of Delaware, New Jersey, New York, Ohio, and Pennsylvania.									
² 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).									
ALCOHOL									
• Excise Tax/Gal.									
Beer	\$0.20	\$0.16	\$0.09	\$0.11	\$0.12	\$0.11	\$0.23 ²	\$0.18	\$0.08
Wine	\$0.60– \$1.50	\$0.97	\$0.40	\$0.55– \$0.70	\$0.70	\$0.1893	\$0.1893	\$0.30– \$1.48	See Foot- note 4
Liquor	\$2.05, \$4.50	\$3.64, \$5.46	\$1.50	\$4.05	\$4.40	\$2.54, \$6.44	\$3.54, \$7.44 ²	See Foot- notes 3 and 4	See Foot- note 4
• Sales Tax	6%	None	5%	5% ¹	7%	4%	8.375% ²	5.5%	6%
¹ Purchases for off-premises consumption are not taxable.									
² New York City rate includes New York State rate.									
³ Ohio Department of Liquor Control must pay the State Treasury \$3.38 for each gallon sold.									
⁴ In these states, the government directly controls all sales. Revenue is generated from various taxes, fees, and net profits.									
TOBACCO									
• Excise Tax									
Cigarettes (20/pack)	\$2.00	\$1.15	\$2.00	\$2.51	\$2.575	\$1.50	\$1.50	\$1.25	\$1.35
Other Tobacco (% of Wholesale Price)	20%	15%	15%	90%	30%	37%	37%	17%	0
• Sales Tax	6%	None	6%	5%	7%	4%	4.125%	5.5%	6%

2008 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%	5%	7%	4% ¹	8.375% 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	E ¹	T	T	T	T	T
Cigarettes	T	E	T	T	T	T	T	T	T
Clothing	E ²	E	T	E ³	E	T	T	T	E
Food Off—Premises	E ⁴	E	E ⁴	E ⁴	E ⁵	E ⁴	E ⁴	E ⁴	E ⁴
Liquor On—Premises	T	E	T	T	T	T	T	T	T
Liquor Off—Premises	T	E	T	E ¹	T	T	T	T	T
Manufacturing Equipment	E	E	E	E	E	E	E	E	E
Motor Fuels	E	E	E	E ⁶	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 If purchased as “take-out” item from a package store.

² Single article under \$50; however, single article \$50 or over is taxable.

³ Single article \$175 and under; however, single article over \$175 is taxed on the amount in excess of \$175.

⁴ 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.

⁵ If purchase is of food and food ingredients and dietary supplements; however, prepared food, candy, and soft drinks are subject to tax.

⁶ 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, 2008)

State	Personal Income (%)	Corporation Net Income (Excluding Surtax) (%)	Sales (%)	Motor Fuels (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	5.6	0.18	2.00
Arkansas	*1–7	*1–6.5	6	0.215	0.59
California	*1–9.3	8.84	6.25	0.18	0.87
Colorado	4.63	4.63	2.9	0.22	0.84
Connecticut	*3–5 ¹	7.5	6	0.25	2.00
Delaware	*0–5.95	8.7	None	0.23	1.15
Dist. of Columbia	*4–8.5	9.975	5.75	0.20	2.00
Florida	None	5.5	6	0.161	0.339
Georgia	*1–6	6	4	0.075	0.37
Hawaii	*1.4–8.25	*4.4–6.4	4	0.17	2.00
Idaho	*1.6–7.8	7.6	6	0.25	0.57
Illinois	3	4.8	6.25	0.19	0.98
Indiana	3.4	8.5	6	0.18	0.995
Iowa	*0.36–8.98	*6–12	5	0.21	1.36
Kansas	*3.5–6.45	4	5.3	0.24	0.79
Kentucky	*2–6	*4–6	6	0.211	0.30
Louisiana	*2–6	*4–8	4	0.20	0.36
Maine	*2–8.5	*3.5–8.93	5	0.284	2.00
Maryland	*2–6.25	8.25	6	0.235	2.00
Massachusetts	5.3	9.5	5	0.21	2.51
Michigan	4.35	4.95	6	0.19	2.00
Minnesota	*5.35–7.85	9.8	6.5	0.22	1.33
Mississippi	*3–5	*3–5	7	0.18	0.18

Major State Tax Rates (continued)

(On July 1, 2008)

State	Personal Income (%)	Corporation Net Income (Excluding Surtax) (%)	Sales (%)	Motor Fuels (Per Gallon) (\$)	Cigarettes (20-Pack) (\$)
Missouri	*1.5%–6%	6.25%	4.225%	\$0.17	\$0.17
Montana	*1–6.9	6.75	None	0.27	1.70
Nebraska	*2.56–6.84	*5.58–7.81	5.5	0.26	0.64
Nevada	None	None	6.5	0.24	0.80
New Hampshire	5 ²	8.5	None	0.18	0.80
New Jersey	*1.4–8.97	6.5, 7.5, 9	7	0.105	2.575
New Mexico	*1.7–4.9	*4.8–7.6	5	0.17	0.91
New York	*4–6.85	7.1	4	0.08	1.50
North Carolina	*6–8	6.9	4.25	0.299	0.35
North Dakota	*2.1–5.54	*2.6–6.5	5	0.23	0.44
Ohio	*0.618–6.24	5.1, 8.5	5.5	0.28	1.25
Oklahoma	*0.5–5.5	6	4.5	0.16	1.03
Oregon	*5–9	6.6	None	0.24	1.18
Pennsylvania	3.07	9.99	6	0.312	1.35
Rhode Island	*3.75–9.9 ³	9	7	0.30	2.46
South Carolina	*0–7	5	6	0.16	0.07
South Dakota	None	None	4	0.22	1.53
Tennessee	6 ²	6.5	7	0.20	0.62
Texas	None	*0.5–1.0	6.25	0.20	1.41
Utah	*2.3–6.98	5	4.65	0.245	0.695
Vermont	*3.6–9.5	*6–8.5	6	0.19	1.99
Virginia	*2–5.75	6	4	0.175	0.30
Washington	None	None	6.5	0.375	2.025
West Virginia	*3–6.5	8.75	6	0.205	0.55
Wisconsin	*4.6–6.75	7.9	5	0.309	1.77
Wyoming	None	None	4	0.14	0.60
US AVERAGE	2.32%–5.58%	5.56%–6.66%	4.87%	\$0.21	\$1.15

*Graduated Rates

¹Applied to percent of adjusted gross income ranging from 19% to 100%.

²Imposed on interest and dividend income only.

³Or 25% of Federal income tax liability.