

ASSEMBLY, No. 397

(Chap. 228, Laws 1909 (4 Comp. Stat. pp. 5301 et. seq.))

(Chap. 303, Laws 1931 (1931 N. J. Stat. Serv. p. 484))

STATE OF NEW JERSEY

INTRODUCED APRIL 9, 1934

By Mr. HOMAN

Referred to Committee on Miscellaneous Business

AN ACT to amend an act entitled "An act to amend chapter two hundred and twenty-eight of the laws of nineteen hundred and nine, being an act entitled 'An act to tax the transfer of property, of resident and nonresident decedents, by devise, bequest, descent, distribution by statute, gift, deed, grant, bargain and sale, in certain cases,' approved April twentieth, nineteen hundred and nine," approved April twenty-seventh, nineteen hundred and thirty-one.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. Section one of the act of which this act is amendatory is hereby
2 amended to read as follows:

3 1. A tax shall be and is hereby imposed upon the transfer of any prop-
4 erty, real or person, of the value of five hundred dollars (\$500) or over, or
5 of any interest therein or income therefrom, in trust or otherwise, to per-
6 sons or corporations, except as hereinafter provided, in the following cases:

7 First. When the transfer is by will or by intestate laws of this State
8 from any person dying seized or possessed of the property while a resident
9 of the State.

10 Second. When the transfer is by will or intestate law of real property
11 within this State or of goods, wares and merchandise within this State, and
12 the decedent was a nonresident of the State at the time of his death.

13 Third. When the transfer is of property made by a resident, or is of
14 real property within this State, or of goods, wares and merchandise within
15 this State, made by a nonresident, by deed, grant, bargain, sale or gift made
16 in contemplation of the death of the grantor, vendor or donor, or intended
17 to take effect in possession or enjoyment at or after such death. Every
18 transfer by deed, grant, bargain, sale or gift, made within two years prior to
19 the death of the grantor, vendor or donor, of a material part of his estate,
20 or in the nature of a final disposition or distribution thereof and without an
21 adequate valuable consideration, shall in the absence of proof to the con-
22 trary, be deemed to have been made in contemplation of death within the
23 meaning of this section.

24 Fourth. When any person or corporation comes into the possession or
25 enjoyment, by a transfer from a resident or from a nonresident decedent,
26 when such nonresident decedent's property consists of real property within
27 this State or of goods, wares and merchandise within this State, of an estate
28 in expectancy of any kind or character which is contingent or defeasible,
29 transferred by an instrument taking effect after the passage of this act, or
30 of any property transferred pursuant to a power of appointment contained
31 in any instrument taking effect after the passage of this act.

32 Fifth. Whenever property, real or personal, is held in the joint names
33 of two or more persons, or is deposited in banks or other institutions or de-
34 positories in the joint names of two or more persons and payable to either or
35 the survivor, upon the death of one of such persons, the right of the surviving
36 joint tenant or joint tenants, person or persons, to the immediate owner-
37 ship or possession and enjoyment of such property shall be deemed a trans-
38 fer taxable under the provisions of this act in the same manner as though the
39 whole property to which such transfer relates belonged absolutely to the
40 deceased joint tenant or joint depositor and had been devised or bequeathed
41 to the surviving joint tenant or joint tenants, person or persons, by such
42 deceased joint tenant or joint depositor by will, excepting therefrom such
43 part thereof as may be proved to the satisfaction of the State Tax Com-
44 missioner by the surviving joint tenant or joint tenants, person or persons,

45 to have originally belonged to him or them and never to have belonged to the
46 decedent; *provided, however*, that in case of a nonresident decedent this
47 paragraph shall apply only to real property within this State or goods,
48 wares and merchandise within this State.

49 All taxes imposed by this act shall be at the respective rates hereinafter
50 specified upon the clear market value of such property to be paid to the
51 State Tax Commission and deposited with the Treasurer of the State, when
52 and as collected, for the use of said State, and all administrators, executors,
53 trustees, grantees, donees or vendees, shall be personally liable for any and
54 all such taxes until the same shall have been paid as hereinafter directed,
55 for which an action of debt shall lie in the name of the State of New Jer-
56 sey. In determining the clear market value of such property the following
57 deductions and no others shall be allowed: Debts of the decedent owing at
58 the date of death; *provided, however*, that in the case of a resident decedent
59 there shall not be allowed a debt of said resident decedent owing for or
60 secured by property outside of this State except when the property for which
61 the debt is owing or for which it is secured is subject to the tax imposed by
62 this act, or except when the foreign debt exceeds the value of the property
63 securing it or for which it was contracted, when the excess may be de-
64 ducted, a reasonable sum for funeral expenses and last illness, such propor-
65 tion of the State, county and municipal taxes for the current fiscal year upon
66 the property as the elapsed portion of the said year bears to a full calendar
67 year, the ordinary expenses of administration, including the ordinary fees
68 allowed executors and administrators and the ordinary fees of their at-
69 torneys, and transfer taxes paid or payable to other States or territories or
70 the District of Columbia or foreign governments on any property the trans-
71 fer of which is taxable hereunder. *Provided further, however*, the amount
72 due or paid the government of the United States as a Federal estate tax shall
73 not be considered as an expense of administration and shall not be allowed
74 as a deduction.

75 The following property shall be exempt from taxation under this act,
76 viz.:

77 (a) Property passing to or for the use of the State of New Jersey, or
78 to or for the use of a municipal corporation within the State of New Jersey,
79 or other political subdivision thereof, for exclusively public purposes;

80 (b) Property passing to a beneficiary or beneficiaries having any pres-
81 ent or future, vested, contingent or defeasible interest under any trust
82 deed or agreement heretofore or hereafter executed by a resident or nonresi-
83 dent decedent, to the extent that the trust fund results from the proceeds
84 of contracts of insurance heretofore or hereafter in force, insuring the life
85 of such decedent and paid or payable, at or after the death of such decedent,
86 to the trustee or trustees under such trust deed or agreement;

87 (c) Property passing to a trustee or trustees of any trust deed or agree-
88 ment heretofore or hereafter executed, by virtue of any contract of insurance
89 heretofore or hereafter in force insuring the life of a resident or nonresi-
90 dent decedent and the proceeds of which are paid or payable at or after the
91 death of such decedent to such trustee or trustees for the benefit of a bene-
92 ficiary or beneficiaries having any present or future, vested, contingent or
93 defeasible interest under such trust deed or agreement.

94 Property passing to churches, hospitals and orphan asylums, public
95 libraries, bible and tract societies, religious, benevolent and charitable in-
96 stitutions and organizations [shall be taxed at the rate of five per centum.],
97 wheresoever incorporated or located, organized and operated exclusively for
98 religious, benevolent or charitable purposes and no part of the net earnings
99 of which inures to the benefit of any private stockholder or other individual
100 or person, and property passing in trust for an exclusively religious, benev-
101 olent or charitable use or purpose, shall be taxed at the rate of five per
102 centum on any amount in excess of five thousand dollars (\$5,000).

103 Property passing to a brother or sister of a decedent, wife or widow of
104 a son of a decedent, or the husband of a daughter of a decedent, shall be
105 taxed at the rate of five per centum on any amount up to three hundred thou-
106 sand dollars (\$300,000);

107 Six per centum on any amount in excess of three hundred thousand
108 dollars (\$300,000), up to seven hundred thousand dollars (\$700,000);

109 Seven per centum on any amount in excess of seven hundred thousand
110 dollars (\$700,000), up to nine hundred thousand dollars (\$900,000);

111 Nine per centum on any amount in excess of nine hundred thousand dol-
112 lars (\$900,000), up to one million one hundred thousand dollars (\$1,100,000);

113 Eleven per centum on any amount in excess of one million one hun-
114 dred thousand dollars (\$1,100,000), up to one million four hundred thousand
115 dollars (\$1,400,000);

116 Thirteen per centum on any amount in excess of one million four hun-
117 dred thousand dollars (\$1,400,000), up to one million seven hundred thou-
118 sand dollars (\$1,700,000);

119 Fourteen per centum on any amount in excess of one million seven
120 hundred thousand dollars (\$1,700,000), up to two million two hundred thou-
121 sand dollars (\$2,200,000);

122 Sixteen per centum on any amount in excess of two million two hun-
123 dred thousand dollars (\$2,200,000).

124 Property passing to a father, mother, grandparents, husband, wife,
125 child or children of a decedent, or to any child or children adopted by the
126 decedent in conformity with the laws of this State, or of any of the United
127 States, or of any foreign kingdom, or nation, or the issue of any child or
128 legally adopted child of a decedent, shall be taxed at the rate of one per
129 centum on any amount in excess of five thousand dollars (\$5,000), up to
130 fifty thousand dollars (\$50,000);

131 Two per centum on any amount in excess of fifty thousand dollars
132 (\$50,000), up to one hundred thousand dollars (\$100,000);

133 Three per centum on any amount in excess of one hundred thousand dol-
134 lars (\$100,000), up to one hundred and fifty thousand dollars (\$150,000);

135 Four per centum on any amount in excess of one hundred and fifty
136 thousand dollars (\$150,000), up to two hundred thousand dollars (\$200,000);

137 Five per centum on any amount in excess of two hundred thousand
138 dollars (\$200,000), up to three hundred thousand dollars (\$300,000);

139 Six per centum on any amount in excess of three hundred thousand dol-
140 lars (\$300,000), up to five hundred thousand dollars (\$500,000);

141 Seven per centum on any amount in excess of five hundred thousand
142 dollars (\$500,000), up to seven hundred thousand dollars (\$700,000);

143 Eight per centum on any amount in excess of seven hundred thousand
144 dollars (\$700,000), up to nine hundred thousand dollars (\$900,000);

145 Nine per centum on any amount in excess of nine hundred thousand
146 dollars (\$900,000), up to one million one hundred thousand dollars
147 (\$1,100,000);

148 Ten per centum on any amount in excess of one million one hundred
149 thousand dollars (\$1,100,000), up to one million four hundred thousand
150 dollars (\$1,400,000);

151 Eleven per centum on any amount in excess of one million four hun-
152 dred thousand dollars (\$1,400,000), up to one million seven hundred thousand
153 dollars (\$1,700,000);

154 Twelve per centum on any amount in excess of one million seven hun-
155 dred thousand dollars (\$1,700,000), up to two million two hundred thousand
156 dollars (\$2,200,000);

157 Thirteen per centum on any amount in excess of two million two hun-
158 dred thousand dollars (\$2,200,000), up to two million seven hundred thou-
159 sand dollars (\$2,700,000);

160 Fourteen per centum on any amount in excess of two million seven
161 hundred thousand dollars (\$2,700,000), up to three million two hundred thou-
162 sand dollars (\$3,200,000);

163 Fifteen per centum on any amount in excess of three million two hun-
164 dred thousand dollars (\$3,200,000), up to three million seven hundred thou-
165 sand dollars (\$3,700,000);

166 Sixteen per centum on any amount in excess of three million seven
167 hundred thousand dollars (\$3,700,000).

168 Property passing to every other transferee, distributee, or beneficiary
169 not hereinbefore classified shall be taxed at the rate of eight per centum on
170 any amount up to nine hundred thousand dollars (\$900,000);

171 Ten per centum on any amount in excess of nine hundred thousand
 172 dollars (\$900,000), up to one million one hundred thousand dollars (\$1,100,-
 173 000);

174 Twelve per centum on any amount in excess of one million one hundred
 175 thousand dollars (\$1,100,000), up to one million four hundred thousand dol-
 176 lars (\$1,400,000);

177 Fourteen per centum on any amount in excess of one million four hun-
 178 dred thousand dollars (\$1,400,000), up to one million seven hundred thousand
 179 dollars (\$1,700,000);

180 Sixteen per centum on any amount in excess of one million seven hun-
 181 dred thousand dollars (\$1,700,000) [;] . [*provided, however, that nothing in*
 182 *this act contained shall be construed to repeal or in anywise impair the pro-*
 183 *visions of an act entitled "An act to provide for the payment to counties of*
 184 *five per centum of transfer taxes collected," approved April twenty-first,*
 185 *one thousand nine hundred and nine, but the said act shall remain in full*
 186 *force and effect as though this act had not been passed; provided further,*
 187 *however, that the provisions of this section shall have application only to the*
 188 *estate of a person whose death occurs on or after July first, nineteen hun-*
 189 *dred and twenty-seven. The estate of a person whose death occurred prior to*
 190 *July first, nineteen hundred and twenty-seven, shall be and remain subject to*
 191 *the inheritance tax laws theretofore applicable to such estate and such laws*
 192 *are continued in force for that purpose.]*

193 For every purpose of this act all persons, including the decedent, shall
 194 be deemed to have been born in lawful wedlock.

1 2. This act shall take effect on the first day of July, one thousand nine
 2 hundred and thirty-four.

STATEMENT

The purposes of this amendment are: (a) To grant an exemption of \$5,000 on all bequests to religion, charity, etc.—such bequests are now taxable at the flat rate of 5% without any exemption, except where the amount is less than \$500;

(b) to place grandparents in the 1% class with father, mother, etc.,—they are now in the 8% class; (c) to grant the same exemptions and rates of tax to illegitimates as now prevail in respect to legitimates.