

54:10A-15

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:10A-15
Laws of 1975 Chapter 21
Bill No. A1936
Sponsor(s) Contillo
Date Introduced July 8, 1974
Committee: Assembly Taxation
Senate _____

Amended during passage Yes ~~no~~ Assembly substitute enacted--Amendments during passage denoted by asterisks
Date of passage: Assembly February 27, 1975
Senate February 27, 1975

Date of approval February 28, 1975

Following statements are attached if available:

Sponsor statement	Yes	no	Original* and Committee Substitute
Committee Statement: Assembly	Yes**	no	
Senate	Yes	No	
Fiscal Note	Yes	No	
Veto message	Yes	No	
Message on signing	Yes	No	

Following were printed:

Reports	Yes	No
Hearings	Yes	No

* Sponsor's Statement on Original Bill:
The purpose of this bill is to increase the corporation business tax.

** To Original Bill, as amended.

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10/4/76
JUN 1977

[OFFICIAL COPY REPRINT]
ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, No. 1936

STATE OF NEW JERSEY

ADOPTED FEBRUARY 24, 1975

AN ACT to amend the "Corporation Business Tax Act (1945)," approved April 13, 1945 (P. L. 1945, c. 162).

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

1 1. Section 15 of P. L. 1945, c. 162 (C. 54:10A-15) is amended to
2 read as follows:

3 15. The tax imposed by this act shall be due and payable annually
4 hereafter, commencing with the calendar year 1959, in the manner
5 provided under subsection (a), (b) or (c) of this section, whichever
6 shall be applicable.

7 (a) Every taxpayer shall annually pay a franchise tax, with
8 respect to all or any part of each of its fiscal or calendar accounting
9 years beginning after January 1, 1959, to be computed as herein
10 provided, for such fiscal or calendar accounting year or part
11 thereof, on a report which shall be filed on or before April 15 next
12 succeeding the close of each such accounting year, or, if any such
13 fiscal year ends after the last day of December and prior to July 1,
14 on or before the fifteenth day of the fourth month after the close
15 of such fiscal year, and the full amount of the tax hereunder shall
16 be due and payable on or before the date prescribed herein for the
17 filing of the return.

18 (b) Every taxpayer shall pay a like franchise tax with respect to
19 all or any part of the period beginning January 1, 1959 and extend-
20 ing through any subsequent part of its first fiscal or calendar
21 accounting year ending after said date. Such tax shall be computed
22 as herein provided, for each and every fiscal or calendar accounting
23 year or part thereof begun not earlier than July 2, 1957 and ending
24 not later than December 31, 1959 on the basis of which a franchise
25 tax has not accrued under this act prior to January 1, 1959. The
26 tax imposed pursuant to this subsection shall be deemed a single
27 tax for such period but shall be computed separately with respect
28 to each such fiscal or calendar accounting year or part thereof on

29 the basis of which a franchise tax has not previously accrued as
30 aforesaid, on a report which shall be filled on or before April 15
31 next succeeding the close of each such accounting year, or, if any
32 such fiscal year ends after the last day of December and prior to
33 July 1, on or before the fifteenth day of the fourth month after the
34 close of such fiscal year, and the full amount of the tax hereunder
35 shall be due and payable on or before the date prescribed herein
36 for the filing of the report.

37 (c) With respect to all or any part of each of its fiscal or calendar
38 accounting years ending after June 30, 1967, every taxpayer shall
39 annually pay a franchise tax on a report which shall be filed on or
40 before the fifteenth day of the fourth month after the close of such
41 fiscal or calendar accounting year, or part thereof, and the full
42 amount of the tax hereunder shall be due and payable on or before
43 the date prescribed herein for the filing of the return.

44 (d) With respect to its fiscal or calendar accounting years ending
45 after February 29, 1968 and prior to March 1, 1969, every taxpayer
46 shall pay as a partial payment of franchise tax in addition to the
47 tax payable under subsection (c) of this section, an amount equal
48 to $\frac{1}{4}$ of the tax payable under said subsection (c). With respect to
49 each of its fiscal or calendar accounting years ending after February
50 28, 1969, every taxpayer shall annually pay as a partial payment of
51 franchise tax in addition to the tax payable under subsection (c)
52 of this section, an amount equal to $\frac{1}{2}$ of the tax payable under said
53 subsection (c). In the calculation of the tax pertaining to each
54 succeeding accounting period, due in accordance with subsection
55 (c) hereof, every taxpayer shall be entitled to a credit in the amount
56 of the tax paid under this subsection (d) as a partial payment and
57 shall be entitled to the return of any amount so paid which shall be
58 found in excess of the total amount payable in accordance with said
59 subsection (c) and this subsection (d).

60 (e) *With respect to its fiscal or calendar accounting years ending*
61 **on or* after June 30, 1974, every taxpayer shall annually pay as a*
62 *partial payment of franchise tax in addition to the tax payable*
63 *under subsection (c) of this section, an amount equal to 60% of the*
64 *tax payable under said subsection (c). In the calculation of the tax*
65 *pertaining to each succeeding accounting period, due in accordance*
66 *with subsection (c) hereof, every taxpayer shall be entitled to a*
67 *credit in the amount of the tax paid under this subsection (e) as a*
68 *partial payment and shall be entitled to the return of any amount so*
69 *paid which shall be found to be in excess of the total amount payable*
70 *in accordance with said subsection (c) and this subsection (e).*

71 (f) For the purpose of this act, every taxpayer shall use the same
72 calendar or fiscal year upon which it reports to the United States
73 Treasury Department for Federal Income Tax purposes.

1 2. This act shall take effect immediately.

A. sub. FOR A1936 (1974)

3

71 (f) For the purpose of this act, every taxpayer shall use the same
72 calendar or fiscal year upon which it reports to the United States
73 Treasury Department for Federal Income Tax purposes.

1 2. This act shall take effect immediately.

STATEMENT

This bill proposes to increase the percentage of prepayment on the Corporation Tax from 50 percent to 60 percent for taxes payable after January 1, 1975. The effect would be to increase the immediate yield by approximately \$25 million, but would not represent an increase in revenues in future years.

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 1936

STATE OF NEW JERSEY

INTRODUCED JULY 8, 1974

By Assemblyman CONTILLO

Referred to Committee on Taxation

AN ACT to amend the "Corporation Business Tax Act (1945)," approved April 13, 1945 (P. L. 1945, c. 162).

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

1 1. Section 5 of P. L. 1945, c. 162 (C. 54:10A-5) is amended to
2 read as follows:

3 5. The franchise tax to be annually assessed to and paid by each
4 taxpayer shall be the sum of the amount computed under sub-
5 section (a) hereof, or, in the alternative to the amount computed
6 under subsection (a) hereof, the amount computed under sub-
7 section (f) hereof, and the amount computed under subsection (c)
8 hereof:

9 ***[(a) That portion of its entire net worth as may be allocable to**
10 **this State as provided in section 6 multiplied by the [following**
11 **rates:] rate of 2 mills per dollar [on the first \$100,000,000.00 of**
12 **allocated net worth; $\frac{1}{10}$ of a mill per dollar on the second**
13 **\$100,000,000.00; $\frac{3}{10}$ of a mill per dollar on the third \$100,000,000.00;**
14 **and $\frac{2}{10}$ of a mill per dollar on all amounts of allocated net worth**
15 **in excess of \$300,000,000.00].]***

15A **(a) That portion of its entire net worth as may be allocable to*
15B *this State as provided in section 6 multiplied by the following*
15C *rates: 2 mills per dollar on the first \$100,000,000.00 of allocated*
15D *net worth, and 5/10 of a mill per dollar on all amounts of allocated*
15E *net worth in excess of \$100,000,000.00.**

16 (b) (Deleted by amendment, P. L. 1968, c. 250, s. 2.)

17 (c) $3\frac{1}{4}\%$ of its entire net income or such portion thereof as may
18 be allocable to this State as provided in section 6; provided, how-
19 ever, that with respect to reports covering privilege periods or
20 parts thereof ending after December 31, 1967 and prior to January

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

21 1, 1972, the rate shall be $4\frac{1}{4}\%$; [and,] that with respect to reports
 22 covering privilege periods or parts thereof ending after December
 23 31, 1971 and prior to January 1, 1975, the rate shall be $5\frac{1}{2}\%$; and,
 24 that with respect to reports covering privilege periods or parts
 25 thereof ending after December 31, 1974, the rate shall be * $7\frac{1}{4}$]*
 25A * $7\frac{1}{2}$ *%.

26 (d) Provided, however, that the franchise tax to be annually
 27 assessed to and paid by any investment company or regulated
 28 investment company or real estate investment trust which has
 29 elected to report as such and has filed its return in the form and
 30 within the time provided in this act and the rules and regulations
 31 promulgated in connection therewith, shall, in the case of an in-
 32 vestment company, be measured by 25% of its entire net income
 33 and 25% of its entire net worth, and, in the case of a regulated
 34 investment company or a real estate investment trust, by 4% of its
 35 entire net income and 15% of its entire net worth, at the rates here-
 36 inbefore set forth for the computation of tax on net income and
 37 net worth, respectively but in no case less than \$250.00.

38 (e) The tax assessed to any taxpayer pursuant to subsection
 39 (a) of this section shall not be less than the greatest of

40 (i) $\frac{5}{10}$ of a mill per dollar on the first \$100,000,000.00 and
 41 $\frac{2}{10}$ of a mill per dollar on all amounts in excess of
 42 \$100,000,000.00 of the average of the taxpayer's real and tangi-
 43 ble personal property within the State allocated to this State
 44 in accordance with paragraph (A) of section 6 hereof (in the
 45 case of a taxpayer which does not maintain a regular place
 46 of business outside this State other than a statutory office, the
 47 allocation shall be 100%); or

48 (ii) in the case of a domestic corporation, the least of the
 49 amounts prescribed by subparagraphs (aa) or (bb) or (cc)
 50 of this subsection (e);

51 (aa) an amount measured by the number of shares which
 52 the taxpayer is authorized to issue as follows: where au-
 53 thorized capital stock does not exceed 5,000 shares \$25.00;
 54 where the authorized capital stock is in excess of 5,000 shares
 55 but does not exceed 10,000 shares \$55.00; and where the
 56 authorized capital stock exceeds 10,000 shares, for the first
 57 10,000 shares \$55.00 and for each additional 10,000 shares
 58 or part thereof, \$27.50; or

59 (bb) $\frac{11}{100}$ of a mill per dollar on the total assets of the
 60 corporation; or

61 (cc) \$100,000.00; or

62 (iii) $[\$25.00]$ \$100.00 in the case of a domestic corporation
 63 or $[\$50.00]$ \$150.00 in the case of a foreign corporation.

64 (f) In lieu of the portion of the tax based on net worth and to
 65 be computed under subsection (a) of this section, any taxpayer,
 66 the value of whose total assets everywhere, less reasonable reserves
 67 for depreciation, as of the close of the period covered by its report
 68 amounts to less than \$150,000.00, may elect to pay the tax shown
 69 in the following table:

	If total assets are at least	But less than	The tax shall be	
			For domestic corporations	For foreign corporations
70	\$0 00	\$18,000 00	\$25 00	\$50 00
71	18,000 00	22,000 00	31 00	50 00
72	22,000 00	26,000 00	37 00	50 00
73	26,000 00	30,000 00	43 00	50 00
74	30,000 00	34,000 00	49 00	50 00
75	34,000 00	38,000 00	55 00	55 00
76	38,000 00	42,000 00	61 00	61 00
77	42,000 00	46,000 00	67 00	67 00
78	46,000 00	50,000 00	73 00	73 00
79	50,000 00	54,000 00	79 00	79 00
80	54,000 00	58,000 00	85 00	85 00
81	58,000 00	62,000 00	91 00	91 00
82	62,000 00	66,000 00	97 00	97 00
83	66,000 00	70,000 00	103 00	103 00
84	70,000 00	74,000 00	109 00	109 00
85	74,000 00	78,000 00	115 00	115 00
86	78,000 00	82,000 00	121 00	121 00
87	82,000 00	86,000 00	127 00	127 00
88	86,000 00	90,000 00	133 00	133 00
89	90,000 00	94,000 00	139 00	139 00
90	94,000 00	98,000 00	145 00	145 00
91	98,000 00	102,000 00	151 00	151 00
92	102,000 00	106,000 00	157 00	157 00
93	106,000 00	110,000 00	163 00	163 00
94	110,000 00	114,000 00	169 00	169 00
95	114,000 00	118,000 00	175 00	175 00
96	118,000 00	122,000 00	181 00	181 00
97	122,000 00	126,000 00	187 00	187 00
98	126,000 00	130,000 00	193 00	193 00
99	130,000 00	134,000 00	199 00	199 00
100	134,000 00	138,000 00	205 00	205 00

	<i>If total assets are at least</i>	<i>But less than</i>	<i>The tax shall be</i>	
			<i>For domestic corporations</i>	<i>For foreign corporations</i>
101	138,000 00	142,000 00	211 00	211 00
102	142,000 00	146,000 00	217 00	217 00
103	146,000 00	150,000 00	223 00	223 00
104	*\$0 00	\$68,000 00	\$100 00	\$150 00
105	68,000 00	70,000 00	103 00	150 00
106	70,000 00	74,000 00	109 00	150 00
107	74,000 00	78,000 00	115 00	150 00
108	78,000 00	82,000 00	121 00	150 00
109	82,000 00	86,000 00	127 00	150 00
110	86,000 00	90,000 00	133 00	150 00
111	90,000 00	94,000 00	139 00	150 00
112	94,000 00	98,000 00	145 00	150 00
113	98,000 00	102,000 00	151 00	151 00
114	102,000 00	106,000 00	157 00	157 00
115	106,000 00	110,000 00	163 00	163 00
116	110,000 00	114,000 00	169 00	169 00
117	114,000 00	118,000 00	175 00	175 00
118	118,000 00	122,000 00	181 00	181 00
119	122,000 00	126,000 00	187 00	187 00
120	126,000 00	130,000 00	193 00	193 00
121	130,000 00	134,000 00	199 00	199 00
122	134,000 00	138,000 00	205 00	205 00
123	138,000 00	142,000 00	211 00	211 00
124	142,000 00	146,000 00	217 00	217 00
125	146,000 00	150,000 00	223 00	223 00
126	*\$0 00	\$65,000 00	\$100 00	\$150 00
127	65,000 00	76,000 00	119 00	150 00
128	76,000 00	88,000 00	138 00	150 00
129	88,000 00	101,000 00	159 00	159 00
130	101,000 00	115,000 00	181 00	181 00
131	115,000 00	130,000 00	205 00	205 00
132	130,000 00	146,000 00	230 00	230 00
133	146,000 00	163,000 00	257 00	257 00
134	163,000 00	181,000 00	286 00	286 00
135	181,000 00	200,000 00	316 00	316 00
136	200,000 00	220,000 00	348 00	348 00
137	220,000 00	241,000 00	381 00	381 00
138	241,000 00	263,000 00	416 00	416 00
139	263,000 00	286,000 00	453 00	453 00
140	286,000 00	310,000 00	491 00	491 00
141	310,000 00	335,000 00	531 00	531 00
142	335,000 00	361,000 00	572 00	572 00

	<i>If total assets are at least</i>	<i>But less than</i>	<i>The tax shall be</i>	
			<i>For domestic corporations</i>	<i>For foreign corporations</i>
143	\$361,000 00	\$388,000 00	\$615 00	\$615 00
144	388,000 00	416,000 00	660 00	660 00
145	416,000 00	445,000 00	706 00	706 00
146	445,000 00	475,000 00	754 00	754 00
147	475,000 00	506,000 00	803 00	803 00*

1 *2. Section 15 of P. L. 1945, c. 162 (C. 54:10A-15) is amended
2 to read as follows:

3 15. The tax imposed by this act shall be due and payable annually
3A hereafter, commencing with the calendar year 1959, in the manner
4 provided under subsection (a), (b) or (c) of this section, which-
5 ever shall be applicable.

6 (a) Every taxpayer shall annually pay a franchise tax, with
7 respect to all or any part of each of its fiscal or calendar accounting
8 years beginning after January 1, 1959, to be computed as herein
9 provided, for such fiscal or calendar accounting year or part
10 thereof, on a report which shall be filed on or before April 15 next
11 succeeding the close of each such accounting year, or, if any such
12 fiscal year ends after the last day of December and prior to July 1,
13 on or before the fifteenth day of the fourth month after the close
14 of such fiscal year, and the full amount of the tax hereunder shall
15 be due and payable on or before the date prescribed herein for the
16 filing of the return.

17 (b) Every taxpayer shall pay a like franchise tax with respect
18 to all or any part of the period beginning January 1, 1959 and
19 extending through any subsequent part of its first fiscal or calendar
20 accounting year ending after said date. Such tax shall be computed
21 as herein provided, for each and every fiscal or calendar account-
22 ing year or part thereof begun not earlier than July 2, 1957 and
23 ending not later than December 31, 1959 on the basis of which a
24 franchise tax has not accrued under this act prior to January 1,
25 1959. The tax imposed pursuant to this subsection shall be deemed
26 a single tax for such period but shall be computed separately with
27 respect to each such fiscal or calendar accounting year or part
28 thereof on the basis of which a franchise tax has not previously
29 accrued as aforesaid, on a report which shall be filed on or before
30 April 15 next succeeding the close of each such accounting year,
31 or, if any such fiscal year ends after the last day of December and
32 prior to July 1, on or before the fifteenth day of the fourth month
33 after the close of such fiscal year, and the full amount of the tax

34 hereunder shall be due and payable on or before the date prescribed
35 herein for the filing of the report.

36 (c) With respect to all or any part of each of its fiscal or calen-
37 dar accounting years ending after June 30, 1967, every taxpayer
38 shall annually pay a franchise tax on a report which shall be filed
39 on or before the fifteenth day of the fourth month after the close
40 of such fiscal or calendar accounting year, or part thereof, and
41 the full amount of the tax hereunder shall be due and payable on
42 or before the date prescribed herein for the filing of the return.

43 (d) With respect to its fiscal or calendar accounting years ending
44 after February 29, 1968 and prior to March 1, 1969, every taxpayer
45 shall pay as a partial payment of franchise tax in addition to the
46 tax payable under subsection (c) of this section, an amount equal
47 to 1/4 of the tax payable under said subsection (c). With respect
48 to each of its fiscal or calendar accounting years ending after Feb-
49 ruary 28, 1969, every taxpayer shall annually pay as a partial
50 payment of franchise tax in addition to the tax payable under sub-
51 section (c) of this section, an amount equal to 1/2 of the tax payable
52 under said subsection (c). With respect to its fiscal or calendar
53 accounting years ending on or after September 30, 1974, every tax-
54 payer shall annually pay as a partial payment of franchise tax in
55 addition to the tax payable under subsection (c) of this section,
56 an amount equal to 1/2 of the tax which would have been payable
57 under said subsection (c) at the rates in effect on the date of filing.

58 In the calculation of the tax pertaining to each succeeding ac-
59 counting period, due in accordance with subsection (c) hereof, every
60 taxpayer shall be entitled to a credit in the amount of the tax paid
61 under this subsection (d) as a partial payment and shall be entitled
62 to the return of any amount so paid which shall be found to be in
63 excess of the total amount payable in accordance with said subsec-
64 tion (c) and this subsection (d).

65 (e) For the purpose of this act, every taxpayer shall use the
66 same calendar or fiscal year upon which it reports to the United
67 States Treasury Department for Federal Income Tax purposes.

1 *3. Section 1 of this act shall be applicable to taxpayers whose
2 accounting periods end **[on or]** after December 31, 1974.
3 Section 2 of this act shall be applicable to all taxpayers whose
4 accounting periods end on or after September 30, 1974; provided,
5 however, that the increased rates established in sections 1 and 2
6 of this act shall be effective for a period of 1 accounting year
7 thereafter the rates in effect prior to the enactment of this act shall
8 be restored.*

1 ***[3.]*** *4.* This act shall take effect immediately ***[and shall**
2 be applicable to taxpayers whose accounting periods end on or
3 after December 31, 1974]*.

ASSEMBLY TAXATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1936

STATE OF NEW JERSEY

DATED: FEBRUARY 13, 1975

The proposal made by A-1936 was originally introduced as part of a package known as the "Garramone Plan." As released amended, the bill will increase the corporation income tax by 2 percent and increase the net worth tax on all net worth above \$100 million to a flat .5 of 1 percent. In addition, the minimum tax will be increased for domestic corporations from \$25 to \$100, and for foreign corporations from \$50 to \$150.

The estimated annual yield from the bill as amended is \$68 million. The bill has been further amended to provide a lifetime of one year for the increased rates as a commitment by the Taxation Committee that any change in the corporation tax structure should only be considered as part of overall tax reform. However, the Committee reluctantly releases the bill favorably as the only alternative to meet the emergency in the transit subsidy program.