

54:10A-5

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:10A-5

Laws of 1975 Chapter 162

Bill No. A3581

Sponsor(s) Van Wagner, Barbour, Hamilton

Date Introduced July 18, 1975

Committee: Assembly -

Senate -

Amended during passage Yes ~~No~~

Date of passage: Assembly July 18, 1975

Senate July 21, 1975

Date of approval July 22, 1975

Following statements are attached if available:

Sponsor statement  Yes Below  No

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

Sponsors' statement:

This bill proposes to increase the corporation business tax by 2%.

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10/4/76

162 7-22-75

ASSEMBLY, No. 3581

STATE OF NEW JERSEY

INTRODUCED JULY 18, 1975

By Assemblymen VAN WAGNER, BARBOUR and HAMILTON

(Without Reference)

AN ACT to amend and supplement 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 read  
2 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 subsec-  
5 tion (a) hereof, or, in the alternative to the amount computed under  
6 subsection (a) hereof, the amount computed under subsection (f)  
7 hereof, and the amount computed under subsection (c) hereof:

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

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

16 (c)  $3\frac{1}{4}\%$  of its entire net income or such portion thereof as may  
17 be allocable to this State as provided in section 6; provided, how-  
18 ever, that with respect to reports covering privilege periods or parts  
19 thereof ending after December 31, 1967, the rate shall be  $4\frac{1}{4}\%$ ;  
20 and, that with respect to reports covering privilege periods or parts  
21 thereof ending after December 31, 1971, the rate shall be  $5\frac{1}{2}\%$ ;  
22 *and, that with respect to reports covering privilege periods or*  
23 *parts thereof ending after December 31, 1974, the rate shall be*  
24  *$7\frac{1}{2}\%$ .*

25 (d) Provided, however, that the franchise tax to be annually  
26 assessed to and paid by any investment company or regulated

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

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

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

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

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

58 (bb)  $1\frac{1}{100}$  of a mill per dollar on the total assets of the  
 59 corporation; or

60 (cc) \$100,000.00; or

61 (iii) \$25.00 in the case of a domestic corporation or \$50.00  
 62 in the case of a foreign corporation.

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

	If total assets are at least	But less than	The tax shall be	
			For domestic corporations	For foreign corporations
69	\$0 00	\$18,000 00	\$25 00	\$50 00
70	18,000 00	22,000 00	31 00	50 00
71	22,000 00	26,000 00	37 00	50 00
72	26,000 00	30,000 00	43 00	50 00
73	30,000 00	34,000 00	49 00	50 00
74	34,000 00	38,000 00	55 00	55 00
75	38,000 00	42,000 00	61 00	61 00
76	42,000 00	46,000 00	67 00	67 00
77	46,000 00	50,000 00	73 00	73 00
78	50,000 00	54,000 00	79 00	79 00
79	54,000 00	58,000 00	85 00	85 00
80	58,000 00	62,000 00	91 00	91 00
81	62,000 00	66,000 00	97 00	97 00
82	66,000 00	70,000 00	103 00	103 00
83	70,000 00	74,000 00	109 00	109 00
84	74,000 00	78,000 00	115 00	115 00
85	78,000 00	82,000 00	121 00	121 00
86	82,000 00	86,000 00	127 00	127 00
87	86,000 00	90,000 00	133 00	133 00
88	90,000 00	94,000 00	139 00	139 00
89	94,000 00	98,000 00	145 00	145 00
90	98,000 00	102,000 00	151 00	151 00
91	102,000 00	106,000 00	157 00	157 00
92	106,000 00	110,000 00	163 00	163 00
93	110,000 00	114,000 00	169 00	169 00
94	114,000 00	118,000 00	175 00	175 00
95	118,000 00	122,000 00	181 00	181 00
96	122,000 00	126,000 00	187 00	187 00
97	126,000 00	130,000 00	193 00	193 00
98	130,000 00	134,000 00	199 00	199 00
99	134,000 00	138,000 00	205 00	205 00
100	138,000 00	142,000 00	211 00	211 00
101	142,000 00	146,000 00	217 00	217 00
102	146,000 00	150,000 00	223 00	223 00

1 2. (New section) Where the privilege period covered by a report  
2 includes any period prior to January 1, 1975, then (1) tentative  
3 taxes on taxable net income shall be separately computed by apply-  
4 ing both the rate for the period before January 1, 1975 and the  
5 rate for the period on and after such date to the taxable income

6 for the entire privilege period; and (2) the tax for such privilege  
7 period shall be the sum of that proportion of each tentative tax  
8 which the number of months in each period bears to the total  
9 number of months in the entire privilege period. For the purposes  
10 of this computation, more than one-half the number of days in a  
11 calendar month shall be deemed to be a full month.

1 3. (New section) Where any payment covering the 2% increase  
2 in the tax rate on net income provided for in section 5 (c)  
3 (C. 54:10A-5 (c)) pertains to a fiscal accounting period ending  
4 after December 31, 1974 and prior to June 1, 1975, the time for such  
5 payment is hereby extended to October 15, 1975 and such payment  
6 may be made on or before said date without incurring penalty or  
7 interest charges; provided, however, that the extension herein  
8 granted does not pertain to that portion of the tax on net income  
9 resulting from the application of the prior existing rate of 5½%.  
10 In the event any such payment is not made on or before October 15,  
11 1975, interest and penalties thereon shall be computed without  
12 regard to this extension.

1 4. This act shall take effect immediately.

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#### STATEMENT

This bill proposes to increase the corporation business tax by 2%.