

54:9-2 et seq.

December 11, 1970

LEGISLATIVE HISTORY OF R.S. 54:9-2 et seq.  
(Increase tax rate to 1 1/2% on bank stocks)

(1970 amendment)

Copy 2

Attempt in 1969 to raise tax on bank stocks:

974.90 N.J. Legislature. Assembly. Committee  
T235 on Taxation.  
1969a Public hearing ... A1075, 1078, 1079  
(increasing State aid to urban areas and ...  
increasing tax on bank stock, etc.) Held  
... Sept. 4, Sept. 11, Sept. 25, 1969. 3 vol.

Clippings on above attempt found at:

V.F.--N.J.--Banks & banking--Taxation (1969).

L. 1970, Chapter 8 - A417  
Introduced January 20 by DeKorte.  
Not amended during passage.  
No statement.

Comment on this bill appeared in:

974.905 New Jersey Banker, vol. 39, no. 3,  
B Feb. 1970, p. 5 (copy attached).

Clippings located (N.J.--Banks & banking--Taxation)  
"Cahill bank tax yield figure seen low. NEN 1-16-70.

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ASSEMBLY, No. 417

STATE OF NEW JERSEY

INTRODUCED JANUARY 20, 1970

By Assemblyman DE KORTE

Referred to Committee on Taxation

AN ACT relating to the taxation of the capital stock of banks, national banks and trust companies, increasing the rate of taxation thereon, and amending sections 54:9-2, 54:9-4, 54:9-5, 54:9-7, 54:9-9, 54:9-10, 54:9-11, 54:9-12, 54:9-13, 54:9-14 and 54:9-15 of the Revised Statutes, and supplementing chapter 9 of Title 54 of the Revised Statutes.

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

1 1. Section 54:9-2 of the Revised Statutes is amended to read  
2 as follows:

3 54:9-2. The shares of **[the common]** capital stock of banks, as  
4 defined in section 54:9-1 of this Title, shall be assessed and taxed  
5 according to their value, to be determined in accordance with the  
6 provisions of sections 54:9-4 and 54:9-9 of this Title. Such as-  
7 sessment and taxation shall not be at a greater rate than is made  
8 or assessed upon other moneyed capital in the hands of individual  
9 citizens of this State.

1 2. Section 54:9-4 of the Revised Statutes is amended to read  
2 as follows:

3 54:9-4. The value of each share of common stock of each bank  
4 shall be ascertained and determined by adding the amount of its  
5 capital, surplus and undivided profits and deducting therefrom the  
6 assessed value of its real property, including in such deduction  
7 the assessed value of all real property owned by a corporation all  
8 the stock of which corporation is owned by such bank, and also  
9 deducting therefrom an amount equal to the aggregate sum of the  
10 par value of all classes of the issued and outstanding preferred  
11 stock of such bank and such additional sum in excess of par value  
12 as the holders of such preferred stock are entitled to receive upon

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

13 the retirement of such preferred stock (irrespective of whether  
 14 the bank has created a reserve for the retirement of such preferred  
 15 stock or any class thereof, or the amount of any such reserve),  
 16 and by dividing the result by the number of its shares of common  
 17 stock outstanding], it being the intention that the shares of pre-  
 18 ferred stock and the capital represented thereby plus such addi-  
 19 tional sum in excess of the aggregate par value of such preferred  
 20 stock as the holders of such stock are entitled to receive upon the  
 21 retirement of such preferred stock shall not be assessed or taxed;  
 22 nor shall there]. *The value of each share of each class of preferred*  
 23 *stock of each bank shall be ascertained and determined by aggre-*  
 24 *gating the sum of the par value of each class of the issued and*  
 25 *outstanding preferred stock of such bank and such additional sum*  
 26 *in excess of such par value as the holders of such preferred stock*  
 27 *are entitled to receive upon the retirement of such preferred stock*  
 28 *(irrespective of whether the bank has created a reserve for the*  
 29 *retirement of such preferred stock or any class thereof, or the*  
 30 *amount of any such reserve), and by dividing the result by the*  
 31 *number of shares in each class. There shall not be assessed or taxed*  
 32 *any stock issued to former unpaid depositors of the bank while held*  
 33 *to evidence their right to repayment under any plan of reopening or*  
 34 *rehabilitation approved by the Commissioner of Banking and Insur-*  
 35 *ance or any preferred stock held by the United States or any agency*  
 36 *thereof. No deduction or exemption shall be allowed or made from*  
 37 *the value determined as provided in this section.*

1 3. Section 54:9-5 of the Revised Statutes is amended to read  
 2 as follows:

3 54:9-5. (1) For the purposes of assessment, the chief fiscal  
 4 officer of every such bank shall annually, on or before January 10,  
 5 file with the secretary of the board of taxation of the county within  
 6 which its principal office is located, and with the secretary of the  
 7 board of taxation of every other county within which it has a  
 8 branch office, and with the Director of the Division of Taxation  
 9 of the State Department of the Treasury, a true statement under  
 10 the oath of its president, cashier, or treasurer, setting forth the  
 11 following as of the close of business on the assessment date as  
 12 herein defined:

13 a. Its name, the location of its principal office and of each branch  
 14 office maintained by it, including the name of the county in which  
 15 each such office is located; the total deposit balances at each of its  
 16 offices and the total deposit balances of such bank as of the close  
 17 of business on the assessment date;

- 18 b. The amount of its capital, surplus and undivided profits;
- 19 c. The number of shares of its issued and outstanding preferred  
20 stock of all classes, *separately itemizing the amount held by the*  
21 *United States, or any agency thereof*, and the aggregate par value  
22 of each class thereof, and the amount required, in addition to the  
23 par value of the preferred stock, for the redemption and retire-  
24 ment of such preferred stock;
- 25 d. The number of shares of its issued and outstanding common  
26 stock;
- 27 e. The assessed value of its real property, including the assessed  
28 value of all real property owned by a corporation all the stock of  
29 which is owned by such bank.

30 The statements so filed shall be confidential and shall not be  
31 available to the public. *The Director of the Division of Taxation*  
32 *of the State Department of the Treasury may require a profit and*  
33 *loss statement, balance sheet, and any additional information,*  
34 *which in his opinion, may be necessary for a reasonable determi-*  
35 *nation or verification of any of the facts required to be set forth*  
36 *in any statements so filed.*

37 (2) For the purposes of this subtitle, "assessment date" means  
38 the December 31 next preceding the month during which the state-  
39 ment described in subsection (1) of this section is required to be  
40 filed, and "office," when not otherwise designated includes princi-  
41 pal office and branch office.

1 4. Section 54:9-7 of the Revised Statutes is amended to read as  
2 follows:

3 54:9-7. The rate of tax upon the shares of **[common]** stock of  
4 banks shall be, throughout the State, **[ $\frac{3}{4}$  of 1%]** *1 1/2%* upon the  
5 value thereof, as ascertained and fixed in the manner provided in  
6 section 54:9-4 of this Title and the owners of such **[common]** stock  
7 shall be entitled to no deduction from the taxable value of their  
8 shares because of their personal indebtedness or for any other rea-  
9 son. The tax shall be in lieu of all other State, county or local  
10 taxation upon such shares or upon any personal property held or  
11 owned by banks, the value of which enters into the taxing value  
12 of the shares of **[common]** stock.

1 5. Section 54:9-9 of the Revised Statutes is amended to read  
2 as follows:

3 54:9-9. Each county board of a county in which a bank has its  
4 principal office or a branch office or offices shall annually, on or  
5 before March 1, ascertain from an inspection of the statements  
6 filed, and from any other sources of information which may be  
7 open to it:

- 8 a. The names and locations of all banks which have their prin-  
9 cipal office or a branch office or offices in such county;
- 10 b. The number of shares of common and preferred capital stock  
11 of each issued and outstanding;
- 12 c. The aggregate amount of the capital, surplus and undivided  
13 profits of each;
- 14 d. The number of shares of its issued and outstanding preferred  
15 stock of all classes and the aggregate par value of each class  
16 thereof, and the amount required, in addition to the par value of  
17 the preferred stock, for the retirement of such preferred stock[.];  
18 *separately stating such preferred stock and the value thereof as*  
19 *determined hereunder as is held by the United States or any agency*  
20 *thereof;*
- 21 e. The number of shares of its issued and outstanding common  
22 stock;
- 23 f. The assessed value of its real property, and the assessed value  
24 of all real property owned by a corporation all the stock of which  
25 is owned by such bank;
- 26 g. The value of all the [common] capital stock of each issued  
27 and outstanding as determined pursuant to section 54:9-4 of this  
28 Title;
- 29 h. The value of a single [common] share of each, determined in  
30 accordance with the provisions of section 54:9-4 of this Title;  
31 [and]
- 32 i. The amount of tax levied upon the [common] capital stock  
33 of each at the uniform rate[.];
- 34 j. The total deposit balances of each such bank as of the close of  
35 business on the reporting date as specified in section 54:9-5 of this  
36 Title, and the total deposit balances at each office of such bank in  
37 such county as of the close of business on the assessment date[.];  
38 *and*
- 39 k. The amount of the tax payable to such county *by each bank*  
40 as provided by section 54:9-13 of this Title.

1 6. Section 54:9-10 of the Revised Statutes is amended to read  
2 as follows:

3 54:9-10. The amount ascertained as provided in section 54:9-9  
4 of this Title to be due upon the shares of the [common] stock of  
5 each bank, shall be the tax levied and to be paid in accordance with  
6 the provisions of this subtitle, subject to review, correction and  
7 equalization, as hereinbefore provided. The county board of tax-  
8 ation shall also estimate the amounts of such taxes which will be  
9 payable to the county and to any taxing district therein under the  
10 provisions of this subtitle, and in fixing the respective tax rates for

11 the current year these sums shall be deducted from the amounts  
12 to be raised by taxation.

1 7. Section 54:9-11 of the Revised Statutes is amended to read  
2 as follows:

3 54:9-11. Each county board of taxation shall attach to the table  
4 of aggregates required to be transmitted to the county treasurer  
5 a tabulation of the taxes so assessed and levied in its county. This  
6 tabulation shall not be included among the ratables of the county  
7 or any taxing district for any purpose other than the collection of  
8 the taxes imposed according to the provisions of this subtitle. Each  
9 treasurer of a county in which a bank maintains an office shall  
10 collect from such bank the portion of the tax imposed against the  
11 **[common]** capital stock of the bank as provided in section 54:9-13  
12 of this Title. The tax so imposed shall be payable  $\frac{1}{2}$  thereof on  
13 June 1, 1970 and on June 1 of each year thereafter and  $\frac{1}{2}$  thereof  
14 on December 1**[.]**, 1970, and on December 1 of each year there-  
15 after.

1 8. Section 54:9-12 of the Revised Statutes is amended to read as  
2 follows:

3 54:9-12. The shares of **[common]** stock of every bank shall be  
4 assessed against the **[common]** stockholders in the taxing district  
5 or districts within which the bank has an office or offices and the tax  
6 assessed against such stockholders shall be a lien upon their **[com-**  
7 **mon]** stock from January 1 in each year. The **[common]** stock may  
8 be levied upon and sold by the county treasurer on default of pay-  
9 ment. Each bank shall pay the tax assessed against its shareholders  
10 on demand, and shall have a lien upon the shares of **[common]** stock  
11 for the payment and may retain the amount so paid out of the  
12 dividends that may be declared on those shares.

1 9. Section 54:9-13 of the Revised Statutes is amended to read as  
2 follows:

3 54:9-13. When a bank has offices in only one county, the entire  
4 tax imposed against the **[common]** capital stock of such bank shall  
5 be collected by the treasurer of such county. When a bank maintains  
6 an office in more than one county, the treasurer of each county in  
7 which the bank maintains an office or offices shall collect from such  
8 bank that proportion of the total tax payable by such bank pursuant  
9 to this Title which the total deposit balances at all offices of such  
10 bank in such county at the close of business on the assessment date  
11 bear to the total deposit balances of such bank as of the close of  
12 business on the assessment date. **[When a bank has an office or**  
13 **offices in more than one taxing district in a county,]** *The tax col-*

14 lected by the treasurer of **[such]** *each* county shall be apportioned  
 15 by such treasurer *1/2 to the State*, **[1/2]** *1/4* to such county, and  
 16 **[1/2]** *1/4* to the taxing districts in which such bank has an office or  
 17 offices, each such taxing district being entitled to that proportion of  
 18 **[1/2]** *1/4* of the tax collected by the county treasurer, as the deposit  
 19 balances at all offices of such bank in such taxing district as of the  
 20 close of business on the assessment date bears to the total deposit  
 21 balances at all offices of such bank in such county as of the close of  
 22 business on such assessment date. The amount so due to *the State*  
 23 *and each* **[a]** taxing district shall be paid forthwith by the disburs-  
 24 ing officer of the county, setting forth, in detail, the amount of the  
 25 tax received, the banks by which it was paid, the aggregate amount  
 26 thereof, and the basis of apportionment. *The amount payable to the*  
 27 *State shall be payable to the State Treasurer.*

1 10. Section 54:9-14 of the Revised Statutes is amended to read  
 2 as follows:

3 54:9-14. If a bank shall, by resolution of its board of directors  
 4 filed as provided in section 54:9-15 of this Title, request the county  
 5 board of taxation of each county in which it maintains an office to  
 6 assess to and in the name of the bank the entire taxable value of all  
 7 the shares of **[common]** stock therein, instead of assessing them to  
 8 and in the name of the individual shareholders owning them, and  
 9 shall agree that it will pay when due and payable, to the treasurer  
 10 of such county, that proportionate share of the total taxes levied  
 11 against the bank's shares which such treasurer is directed to collect  
 12 pursuant to section 54:9-13 of this Title, the total amount of capital,  
 13 surplus and undivided profits less the deductions therefrom pro-  
 14 vided for in section 54:9-4 of this Title shall be assessed to and in  
 15 the name of the bank, and no list of shareholders shall be required.  
 16 All other provisions of this section shall apply, and the tax shall be  
 17 a lien against the property and assets of the bank and collectible as  
 18 other taxes are collected. Nothing herein contained shall be con-  
 19 strued as a taxation of property as distinguished from capital stock.

1 11. Section 54:9-15 of the Revised Statutes is amended to read  
 2 as follows:

3 54:9-15. A certified copy of the resolution shall be filed with the  
 4 county board of taxation of each county in which the bank maintains  
 5 an office at least 30 days before January 1 in any year and an addi-  
 6 tional copy shall be filed at the same time with the Commissioner of  
 7 Banking and Insurance. Any unrevoked resolution heretofore filed  
 8 shall apply to the assessment of the tax upon the **[common]** stock  
 9 of such bank and any resolution properly filed shall be binding and

10 in force until revoked. Notice of revocation to be valid must be  
11 similarly filed at least 30 days before the assessment date in any  
12 year.

1 12. In order to implement the provisions of this act during the  
2 year 1970, the chief fiscal officer of every bank shall, on or before  
3 February 15, 1970 or 10 days after the effective date of this act,  
4 whichever occurs later, file with the secretary of the board of taxa-  
5 tion of the county within which its principal office is located and  
6 with the secretary of the board of taxation of any other county  
7 within which it has branch offices, and with the Director of the  
8 Division of Taxation of the State Department of the Treasury, a  
9 true statement under the oath of its president, cashier or treasurer,  
10 setting forth as of the close of business on December 31, 1969 the  
11 total number of shares of its issued and outstanding preferred stock  
12 of all classes separately stating such preferred stock and the value  
13 thereof as is held by the United States or any agency thereof. Such  
14 chief fiscal officer shall, on or before February 15, 1970 or 10 days  
15 after the effective date of this act, whichever occurs later, file with  
16 the Director of the Division of Taxation of the State Department of  
17 the Treasury, a true copy of all statements heretofore required to  
18 be prepared as of December 31, 1969 and to be filed on or before  
19 January 10, 1970 pursuant to section 54:9-5 of the Revised Statutes.

20 A resolution pursuant to sections 54:9-14 and 54:9-15 of the  
21 Revised Statutes that the taxes imposed by this act on preferred  
22 stock may be assessed in the name of the bank, if said bank shall  
23 so elect, shall be filed with the county board of taxation on or before  
24 February 15, 1970, or 10 days after the effective date of this act,  
25 whichever is later, and on the date specified by R. S. 54:9-15 in every  
26 year thereafter.

1 13. The administration, collection and enforcement of the tax  
2 imposed by the act to which this act is a supplement shall be subject  
3 to the provisions of the State Tax Uniform Procedure Law as  
4 therein provided (subtitle 9 of Title 54 of the Revised Statutes).

1 14. This act shall take effect immediately and shall be applicable  
2 to taxes due and payable in the year 1970 and in each year there-  
3 after.



FISCAL NOTE TO  
**ASSEMBLY, No. 417**

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**STATE OF NEW JERSEY**

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DATED: JANUARY 23, 1970

Assembly Bill No. 417 increases the rate of the bank stock tax, R. S. 54:9-1 et seq., from  $\frac{3}{4}$  of 1% to  $1\frac{1}{2}$ %.

On an annual basis, it is estimated by the Division of Taxation that enactment of this legislation would increase the revenues of the State by \$3.4 million in fiscal 1969-70, \$7.3 million in 1970-71 and \$7.7 million in 1971-72.

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In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.