

ASSEMBLY, No. 440

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1972 SESSION

By Assemblyman MABIE

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 3 of P. L. 1945, c. 162 (C. 54:10A-3) is amended to  
2 read as follows:

3 3. The following corporations shall be exempt from the tax im-  
4 posed by this act:

5 (a) corporations subject to a tax under the provisions of article  
6 2 of chapter 13 of Title 54 of the Revised Statutes, or to a tax  
7 assessed upon the basis of gross receipts other than the Retail  
8 Gross Receipts Tax Act, or insurance premiums collected;

9 (b) railroad, canal or banking corporations, savings banks, pro-  
10 duction credit associations organized under the Farm Credit Act  
11 of 1933, agricultural cooperative associations incorporated or do-  
12 mesticated under or subject to chapter 13 of Title 4 of the Revised  
13 Statutes and exempt under Subtitle A, Chapter 1 F Part III Sec-  
14 tion 521 of the Federal Internal Revenue Code, or building and  
15 loan or savings and loan associations;

16 (c) cemetery corporations not conducted for pecuniary profit  
17 or any private shareholder or individual;

18 (d) nonprofit corporations, associations or organizations estab-  
19 lished, organized or chartered, without capital stock, under the pro-  
20 visions of Titles 15, 16 or 17 of the Revised Statutes, or under a  
21 special charter or under any similar general or special law of this  
22 or any other State, and not conducted for pecuniary profit of any  
23 private shareholders or individual;

24 (e) corporations subject to a tax under the provisions of P. L.  
25 1940, c. 4, or P. L. 1940, c. 5, or any statute or law imposing a similar  
26 tax or taxes;

27 (f) nonstock corporations organized under the laws of this State  
28 or of any other state of the United States to provide mutual own-  
29 ership housing under Federal law by tenants, provided, however,  
30 that the exemption hereunder shall continue only so long as the  
31 corporations remain subject to rules and regulations of the Federal  
32 Housing Authority and the Commissioner of the Federal Housing  
33 Authority holds membership certificates in the corporations and  
34 the corporate property is encumbered by a mortgage deed or deed  
35 of trust insured under the National Housing Act (48 Stat. 1246)  
36 as amended by subsequent Acts of Congress. In order to be ex-  
37 empted under this subsection, corporations shall annually file a  
38 report on or before August 15 with the commissioner, in the form  
39 required by the commissioner, to claim such exemption, and shall  
40 pay a filing fee of \$25.00.

41 (g) corporations organized under any law of this State where  
42 the primary purpose thereof is to provide housing for its share-  
43 holders or members in a retirement community as same is defined  
44 under the provisions of the "Retirement Community Full Dis-  
45 closure Act" (P. L. 1969, c. 215).

1 2. This act shall take effect immediately.

FISCAL NOTE TO  
**ASSEMBLY, No. 440**

---

**STATE OF NEW JERSEY**

---

DATED: MARCH 14, 1972

Assembly Bill No. 440 would amend the Corporation Business Tax Act by exempting from the tax imposed thereunder, New Jersey corporations organized for the primary purpose of providing housing for its shareholders or members in a retirement community as defined in the "Retirement Community Full Disclosure Act."

The Division of Taxation estimates that enactment of this legislation would reduce the revenues of the State by \$200,000.00 in each of the next two fiscal years. It is thought the loss would be a continuing one.

---

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

REVISED FISCAL NOTE TO  
**ASSEMBLY, No. 440**

---

**STATE OF NEW JERSEY**

---

DATED: MARCH 6, 1973

The Official Copy Reprint of Assembly Bill No. 440 provides for the exemption from the corporation business tax of nonprofit corporations whose primary purpose is to provide housing for its shareholders or members in a retirement community as defined under P. L. 1969, c. 215.

The Division of Taxation estimates that enactment of this legislation would cause a revenue loss to the State of about \$160,000.00 in each of the next 2 fiscal years. It is further stated that the loss would be a continuing one.

---

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

ASSEMBLY COMMITTEE AMENDMENT TO  
**ASSEMBLY, No. 440**

---

**STATE OF NEW JERSEY**

---

ADOPTED APRIL 20, 1972

Amend page 2, section 1, line 41, after "corporations", insert "not for profit".

[OFFICIAL COPY REPRINT]  
ASSEMBLY, No. 440

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1972 SESSION

By Assemblyman MABIE

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 3 of P. L. 1945, c. 162 (C. 54:10A-3) is amended to  
2 read as follows:

3 3. The following corporations shall be exempt from the tax im-  
4 posed by this act:

5 (a) corporations subject to a tax under the provisions of article  
6 2 of chapter 13 of Title 54 of the Revised Statutes, or to a tax  
7 assessed upon the basis of gross receipts other than the Retail  
8 Gross Receipts Tax Act, or insurance premiums collected;

9 (b) railroad, canal or banking corporations, savings banks, pro-  
10 duction credit associations organized under the Farm Credit Act  
11 of 1933, agricultural cooperative associations incorporated or do-  
12 mesticated under or subject to chapter 13 of Title 4 of the Revised  
13 Statutes and exempt under Subtitle A, Chapter 1 F Part III Sec-  
14 tion 521 of the Federal Internal Revenue Code, or building and  
15 loan or savings and loan associations;

16 (c) cemetery corporations not conducted for pecuniary profit  
17 or any private shareholder or individual;

18 (d) nonprofit corporations, associations or organizations estab-  
19 lished, organized or chartered, without capital stock, under the pro-  
20 visions of Titles 15, 16 or 17 of the Revised Statutes, or under a  
21 special charter or under any similar general or special law of this  
22 or any other State, and not conducted for pecuniary profit of any  
23 private shareholders or individual;

24 (e) corporations subject to a tax under the provisions of P. L.  
25 1940, c. 4, or P. L. 1940, c. 5, or any statute or law imposing a similar  
26 tax or taxes;

27 (f) nonstock corporations organized under the laws of this State  
28 or of any other state of the United States to provide mutual own-  
29 ership housing under Federal law by tenants, provided, however,  
30 that the exemption hereunder shall continue only so long as the  
31 corporations remain subject to rules and regulations of the Federal  
32 Housing Authority and the Commissioner of the Federal Housing  
33 Authority holds membership certificates in the corporations and  
34 the corporate property is encumbered by a mortgage deed or deed  
35 of trust insured under the National Housing Act (48 Stat. 1246)  
36 as amended by subsequent Acts of Congress. In order to be ex-  
37 empted under this subsection, corporations shall annually file a  
38 report on or before August 15 with the commissioner, in the form  
39 required by the commissioner, to claim such exemption, and shall  
40 pay a filing fee of \$25.00.

41 (g) corporations *\*not for profit\* organized under any law of this*  
42 *State where the primary purpose thereof is to provide housing for*  
43 *its shareholders or members in a retirement community as same is*  
44 *defined under the provisions of the "Retirement Community Full*  
45 *Disclosure Act" (P. L. 1969, c. 215).*

1 2. This act shall take effect immediately.

SENATE REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO  
ASSEMBLY, No. 440

---

STATE OF NEW JERSEY

---

DATED: FEBRUARY 15, 1973

The purpose of this bill is to exempt from the "Corporation Business Tax Act" (P. L. 1945, c. 162) those nonprofit business corporations whose prime purpose is to provide housing for members of a retirement community. This is as defined by the "Retirement Community Full Disclosure Act" (P. L. 1969, c. 215). The fiscal note on the original bill indicated a revenue loss of \$200,000.00, however, the Assembly Committee on Taxation amended the bill restricting qualifications only to those corporations "not for profit." The result of this amendment lessened the number of such corporations that would be eligible. Therefore, the revenue loss would undoubtedly be less than indicated in the fiscal note.



SENATE AMENDMENTS TO  
**ASSEMBLY, No. 440**  
[OFFICIAL COPY REPRINT]

---

**STATE OF NEW JERSEY**

---

ADOPTED MARCH 29, 1973

Amend page 2, section 1, line 42, omit "housing".

Amend page 2, section 1, line 43, after "members", insert "housing".

[SENATE REPRINT]

## ASSEMBLY, No. 440

[OFFICIAL COPY REPRINT]

with Senate amendments adopted March 29, 1973

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1972 SESSION

By Assemblyman MABIE

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 3 of P. L. 1945, c. 162 (C. 54:10A-3) is amended to  
2 read as follows:

3 3. The following corporations shall be exempt from the tax im-  
4 posed by this act:

5 (a) corporations subject to a tax under the provisions of article  
6 2 of chapter 13 of Title 54 of the Revised Statutes, or to a tax  
7 assessed upon the basis of gross receipts other than the Retail  
8 Gross Receipts Tax Act, or insurance premiums collected;

9 (b) railroad, canal or banking corporations, savings banks, pro-  
10 duction credit associations organized under the Farm Credit Act  
11 of 1933, agricultural cooperative associations incorporated or do-  
12 mesticated under or subject to chapter 13 of Title 4 of the Revised  
13 Statutes and exempt under Subtitle A, Chapter 1 F Part III Sec-  
14 tion 521 of the Federal Internal Revenue Code, or building and  
15 loan or savings and loan associations;

16 (c) cemetery corporations not conducted for pecuniary profit  
17 or any private shareholder or individual;

18 (d) nonprofit corporations, associations or organizations estab-  
19 lished, organized or chartered, without capital stock, under the pro-  
20 visions of Titles 15, 16 or 17 of the Revised Statutes, or under a  
21 special charter or under any similar general or special law of this  
22 or any other State, and not conducted for pecuniary profit of any  
23 private shareholders or individual;

24 (e) corporations subject to a tax under the provisions of P. L.  
25 1940, c. 4, or P. L. 1940, c. 5, or any statute or law imposing a similar  
26 tax or taxes;

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

27 (f) nonstock corporations organized under the laws of this State  
28 or of any other state of the United States to provide mutual own-  
29 ership housing under Federal law by tenants, provided, however,  
30 that the exemption hereunder shall continue only so long as the  
31 corporations remain subject to rules and regulations of the Federal  
32 Housing Authority and the Commissioner of the Federal Housing  
33 Authority holds membership certificates in the corporations and  
34 the corporate property is encumbered by a mortgage deed or deed  
35 of trust insured under the National Housing Act (48 Stat. 1246)  
36 as amended by subsequent Acts of Congress. In order to be ex-  
37 empted under this subsection, corporations shall annually file a  
38 report on or before August 15 with the commissioner, in the form  
39 required by the commissioner, to claim such exemption, and shall  
40 pay a filing fee of \$25.00.

41 (g) corporations *\*not for profit\** organized under any law of this  
42 State where the primary purpose thereof is to provide **\*\*[hous-**  
43 **ing]\*\*** for its shareholders or members **\*\*housing\*\*** in a retirement  
44 community as same is defined under the provisions of the "Retire-  
45 ment Community Full Disclosure Act" (P. L. 1969, e. 215).

1 2. This act shall take effect immediately.

[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 440

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1972 SESSION

By Assemblyman MABIE

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 3 of P. L. 1945, c. 162 (C. 54:10A-3) is amended to  
2 read as follows:

3 3. The following corporations shall be exempt from the tax im-  
4 posed by this act:

5 (a) corporations subject to a tax under the provisions of article  
6 2 of chapter 13 of Title 54 of the Revised Statutes, or to a tax  
7 assessed upon the basis of gross receipts other than the Retail  
8 Gross Receipts Tax Act, or insurance premiums collected;

9 (b) railroad, canal or banking corporations, savings banks, pro-  
10 duction credit associations organized under the Farm Credit Act  
11 of 1933, agricultural cooperative associations incorporated or do-  
12 mesticated under or subject to chapter 13 of Title 4 of the Revised  
13 Statutes and exempt under Subtitle A, Chapter 1 F Part III Sec-  
14 tion 521 of the Federal Internal Revenue Code, or building and  
15 loan or savings and loan associations;

16 (c) cemetery corporations not conducted for pecuniary profit  
17 or any private shareholder or individual;

18 (d) nonprofit corporations, associations or organizations estab-  
19 lished, organized or chartered, without capital stock, under the pro-  
20 visions of Titles 15, 16 or 17 of the Revised Statutes, or under a  
21 special charter or under any similar general or special law of this  
22 or any other State, and not conducted for pecuniary profit of any  
23 private shareholders or individual;

24 (e) corporations subject to a tax under the provisions of P. L.  
25 1940, c. 4, or P. L. 1940, c. 5, or any statute or law imposing a similar  
26 tax or taxes;

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

27 (f) nonstock corporations organized under the laws of this State  
28 or of any other state of the United States to provide mutual own-  
29 ership housing under Federal law by tenants, provided, however,  
30 that the exemption hereunder shall continue only so long as the  
31 corporations remain subject to rules and regulations of the Federal  
32 Housing Authority and the Commissioner of the Federal Housing  
33 Authority holds membership certificates in the corporations and  
34 the corporate property is encumbered by a mortgage deed or deed  
35 of trust insured under the National Housing Act (48 Stat. 1246)  
36 as amended by subsequent Acts of Congress. In order to be ex-  
37 empted under this subsection, corporations shall annually file a  
38 report on or before August 15 with the commissioner, in the form  
39 required by the commissioner, to claim such exemption, and shall  
40 pay a filing fee of \$25.00.

41 (g) corporations *\*not for profit\** organized under any law of this  
42 State where the primary purpose thereof is to provide *\*\*[hous-*  
43 *ing]\*\** for its shareholders or members *\*\*housing\*\** in a retirement  
44 community as same is defined under the provisions of the "Retire-  
45 ment Community Full Disclosure Act" (P. L. 1969, e. 215).

1 2. This act shall take effect immediately.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

November 12, 1973

ASSEMBLY BILL NO. 440 (2d OCR)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I herewith return Assembly Bill No. 440 (2d OCR), with my objections, for reconsideration.

This bill would amend the New Jersey Corporation Business Tax Act by adding an additional exemption from the franchise tax imposed thereunder (P.L. 1945, c. 162, Sec. 3; C. 54:10A-3). The exemption proposed would exempt "corporations not for profit . . . where the primary purpose thereof is to provide for its shareholders or members housing in a retirement community as same as is defined under the provisions of the 'Retirement Community Full Disclosure Act'" P.L. 1969, C. 215 (C. 45:22A-2(b)).

This proposed exemption is intended to benefit retirement communities organized as cooperative corporations. I am in complete sympathy with the many senior citizens who live on fixed incomes and are often in need of real estate tax relief, and recognize that they are unable to benefit from the annual real estate deduction which would otherwise be available to them. Hopefully, the enactment of this bill will result in reduced maintenance charges to members of such cooperatives. However, this bill is technically deficient since its enactment would delete C. 211, Section 4, P.L. 1972 approved by me December 29, 1972, which exempted corporations operating regular route bus service within the State pursuant to R.S. 48:4-3. In order to correct this oversight, I herewith return Assembly Bill No. 440 (2d OCR) for reconsideration and recommend that it be amended as follows:

Page 1, Section 1, after line 8 insert

"(b) corporations which operate regular route autobus service within this State under operating authority conferred pursuant to R.S. 48:4-3, provided, however, that such corporations shall not be exempt from the tax on net income imposed by section 5 (c) of P.L. 1945, c. 162 (C. 54:10A-5 (c));"

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

- 2 -

Pages 1 and 2, Section 1 reletter subparagraphs "(b)" through "(g)"  
as "(c)" through "(h)".

Respectfully,

/s/ William T. Cahill

GOVERNOR

[seal]

Attest:

/s/ Jean E. Mulford

Acting Secretary to the Governor

ASSEMBLY AMENDMENTS TO  
**ASSEMBLY, No. 440**  
[SECOND OFFICIAL COPY REPRINT]

---

**STATE OF NEW JERSEY**

---

ADOPTED NOVEMBER 12, 1973

Amend page 1, section 1, after line 8, insert:

“(b) corporations which operate regular route autobus service within this State under operating authority conferred pursuant to R. S. 48:4-3, provided, however, that such corporations shall not be exempt from the tax on net income imposed by section 5 (c) of P. L. 1945, c. 162 (C. 54:10A-5 (c));”.

Amend pages 1 and 2, section 1 reletter subparagraphs “(b)” through “(g)” as “(c)” through “(h)”.



CHAPTER 275 LAWS OF N. J. 1973  
APPROVED 11-29-73

[THIRD OFFICIAL COPY REPRINT]

ASSEMBLY, No. 440

# STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1972 SESSION

By Assemblyman MABIE

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 3 of P. L. 1945, c. 162 (C. 54:10A-3) is amended to  
2 read as follows:

3 3. The following corporations shall be exempt from the tax im-  
4 posed by this act:

5 (a) corporations subject to a tax under the provisions of article  
6 2 of chapter 13 of Title 54 of the Revised Statutes, or to a tax  
7 assessed upon the basis of gross receipts other than the Retail  
8 Gross Receipts Tax Act, or insurance premiums collected;

9 \*\*\**(b)* corporations which operate regular route autobus service  
10 within this State under operating authority conferred pursuant to  
11 R. S. 48:4-3, provided, however, that such corporations shall not  
12 be exempt from the tax on net income imposed by section 5 (c) of  
13 P. L. 1945, c. 162 (C. 54:10A-5 (c));\*\*\*

14 \*\*\***[(b)]**\*\*\* \*\*\**(c)*\*\*\* railroad, canal or banking corporations,  
15 savings banks, production credit associations organized under the  
16 Farm Credit Act of 1933, agricultural cooperative associations  
17 incorporated or domesticated under or subject to chapter 13 of  
18 Title 4 of the Revised Statutes and exempt under Subtitle A,  
19 Chapter 1 F Part III Section 521 of the Federal Internal Revenue  
20 Code, or building and loan or savings and loan associations;

21 \*\*\***[(c)]**\*\*\* \*\*\**(d)*\*\*\* cemetery corporations not conducted for  
22 pecuniary profit or any private shareholder or individual;

23 \*\*\***[(d)]**\*\*\* \*\*\**(e)*\*\*\* nonprofit corporations, associations or  
24 organizations established, organized or chartered, without capital  
25 stock, under the provisions of Titles 15, 16 or 17 of the Revised  
26 Statutes, or under a special charter or under any similar general

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

27 or special law of this or any other State, and not conducted for  
28 pecuniary profit of any private shareholders or individual;

29 \*\*\*[(e)]\*\*\* \*(f)\* corporations subject to a tax under the  
30 provisions of P. L. 1940, c. 4, or P. L. 1940, c. 5, or any statute or  
31 law imposing a similar tax or taxes;

32 \*\*\*[(f)]\*\*\* \*(g)\* nonstock corporations organized under  
33 the laws of this State or of any other state of the United States to  
34 provide mutual ownership housing under Federal law by tenants,  
35 provided, however, that the exemption hereunder shall continue  
36 only so long as the corporations remain subject to rules and regula-  
37 tions of the Federal Housing Authority and the Commissioner of  
38 the Federal Housing Authority holds membership certificates in  
39 the corporations and the corporate property is encumbered by a  
40 mortgage deed or deed of trust insured under the National Housing  
41 Act (48 Stat. 1246) as amended by subsequent Acts of Congress.  
42 In order to be exempted under this subsection, corporations shall  
43 annually file a report on or before August 15 with the commissioner,  
44 in the form required by the commissioner, to claim such exemption,  
45 and shall pay a filing fee of \$25.00.

46 \*\*\*[(g)]\*\*\* \*(h)\* corporations *\*not for profit\* organized*  
47 *under any law of this State where the primary purpose thereof is*  
48 *to provide \*\*[housing]\*\* for its shareholders or members \*\*hous-*  
49 *ing\*\* in a retirement community as same is defined under the*  
50 *provisions of the "Retirement Community Full Disclosure Act"*  
51 *(P. L. 1969, c. 215).*

1 2. This act shall take effect immediately.

FROM THE OFFICE OF THE GOVERNOR

NOVEMBER 29, 1973

FOR RELEASE: IMMEDIATE

Governor William T. Cahill today signed into law a bill exempting non-profit, senior citizen retirement communities from the corporation business tax.

A-440, sponsored by Assemblymen Benjamin H. Mabie and H. Kenneth Wilkie (R., Ocean), provides that non-profit corporations as defined in the Retirement Community Full Disclosure Act, will be exempt from the Corporation Franchise Tax.

This will eliminate duplicate taxation for persons living in this type of retirement community where the dwellings were liable to both the corporation tax and real estate taxes, but not eligible for the senior citizen tax deductions.

Governor Cahill said he was pleased to sign this bill which ends an inequity and provides additional assistance to our senior citizens, many of whom are forced to live on fixed incomes.

The Governor also signed into law the following bills:

A-421, sponsored by Assemblyman Carl A. Orechio (R., Essex), which provides that the owner of a motor vehicle who has leased the vehicle to an independent contractor shall not be liable for any parking violations, when the vehicle is under the control or in the possession of the independent contractor unless that parking was caused by a mechanical failure which resulted from the owners' failure to maintain the vehicle.

A-602, sponsored by Assemblyman Alexander J. Menza (D., Union), which prohibits blockbusting by any real estate organization.

A-720, sponsored by Assemblyman John H. Froude (D., Middlesex), which requires all municipal utility authorities to keep its record and accounts in the same manner as provided by statute for keeping all other books, records and accounts of the municipality, requires an annual report audited by a registered municipal accountant.