

54:10A-5

LEGISLATIVE HISTORY CHECKLIST

RUSA 54:10A-5 (Corporation Income Tax--increase to 9%)

LAWS OF 1979 CHAPTER 280

Bill No. A3677

Sponsor(s) Karcher

Date Introduced Jan. 3, 1980

Committee: Assembly -----

Senate -----

Amended during passage Yes No

Date of Passage: Assembly Jan. 5, 1980

Senate Jan. 8, 1980

Date of approval Jan. 8, 1980

Following statements are attached if available:

Sponsor statement Yes xxx

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes xxx

Following were printed:

Reports Yes No

Hearings Yes No

Corporation tax increase planned, in 1976, as part of the tax reform package was never drafted as a bill, i.e. the increase was proposed through discussion.

9/1/78

EJ

ASSEMBLY, No. 3677

STATE OF NEW JERSEY

INTRODUCED JANUARY 3, 1980

By Assemblyman KARCHER

(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
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 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 *accounting or privilege*
19 *periods or parts thereof ending after December 31, 1967, the rate*
20 *shall be $4\frac{1}{4}\%$; and, that with respect to reports covering *account-**

21 *ing or privilege periods or parts thereof ending after December 31,*
22 *1971, the rate shall be $5\frac{1}{2}\%$; and, that with respect to reports cov-*
23 *ering *accounting or privilege periods or parts thereof ending after**
24 *December 31, 1974, the rate shall be $7\frac{1}{2}\%$; and, that with respect*
25 *to reports covering *accounting or privilege periods or parts thereof**
26 *ending after December 31, 1979, the rate shall be 9%.*

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

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

1 3. This act shall take effect immediately.

STATEMENT

This bill increases the corporation income tax rate from 7½% to 9%. The increase will be applicable with respect to privilege periods or parts of privilege periods ending on and after January 1, 1980.

In 1976, as part of the tax reform package, several burdensome business taxes were repealed. At that time, a 1½% increase in the corporation tax was planned, to begin in 1978, to compensate for lost revenues from those taxes and to enable the State to meet its expected obligations. This bill finally fulfills that plan.

A. 3677 (1979)

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JANUARY 8, 1980

JOE SANTANGELO

Governor Brendan Byrne today signed A-3677, sponsored by Assemblyman Alan J. Karcher (D-Middlesex).

The bill increases the corporation income tax rate from 7.5 percent to 9 percent. It is applicable to corporate privilege periods or parts of privilege periods ending on and after January 1, 1980.

The corporate tax increase was considered part of the 1976 Tax Reform Program, but was not enacted at the time. Also included in that package was the repeal of four regressive business taxes; the sales tax on business machinery, the retail gross receipts tax, the unincorporated business tax, and the business personal property tax.

With the increase New Jersey's corporate income tax rate is still highly competitive with that of surrounding states. For example, the corporation income tax in New York is 10 percent and in Pennsylvania it is 10.5 percent.

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