

54:4-1

March 29, 1967

LEGISLATIVE NOTES ON R.S. 54:4-1
(Property subject to tax)

L. 1966, Chapter 138 - A858
Introduced June 6 by Assemblymen Tanzman, Fekety,
Wilentz, Briglant and Doren.
Not amended during passage.
No statement on bill.

We are enclosing a copy of ~~the following newspaper clippings:~~ newspaper clippings:

974.90 N.J. Governor's Committee on Local
T235 Property Taxation.
1965c Report ... a study of the impact of
Chapter 51, Laws of 1960, on the owners of
tangible personal property used in business.
December 15, 1965.

"Tax proposal not smash hit", Trenton Times, June 1, 1966.

"Chapter 51 change stalled in House," Newark Evening News, June 9, 1966.

"Chapter 51 revisited - for a last time, let's hope" (editorial),
Bergen Evening Record, June 20, 1966.

"A quiet OK for new tax reform?", Camden Courier Post, November 10, 1966.

For background information, see the following: (~~attached~~).

974.90 N.J. Commission on State Tax Policy.
T235 Tenth report, 1963.
1963

974.90 N.J. Commission on State Tax Policy.
T235 Ninth report, 1958.
1958

CK/PC

ASSEMBLY, No. 858

STATE OF NEW JERSEY

INTRODUCED JUNE 6, 1966

By Assemblymen TANZMAN, FEKETY, WILENTZ,
BRIGIANI and DOREN

(Without Reference)

AN ACT concerning assessment and taxation of tangible personal property, amending, revising and repealing parts of the statutory law, and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1 1. Section 54:4-1 of the Revised Statutes is amended to read as follows:
2 54:4-1. All property real and personal within the jurisdiction of this
3 State not expressly exempted from taxation or expressly excluded from the
4 operation of this chapter shall be subject to taxation annually under this
5 chapter. Such property shall be valued and assessed at the taxable value
6 prescribed by law. Land in agricultural or horticultural use which is being
7 taxed under the Farmland Assessment Act of 1954, chapter 48, laws of 1964,
8 shall be valued and assessed as provided by said act. An executory contract
9 for the sale of land, under which the vendee is entitled to or does take pos-
10 session thereof, shall be deemed, for the purpose of this act, a mortgage of
11 said land for the unpaid balance of purchase price. Personal property tax-
12 able under this chapter shall include, however, only tangible goods and chat-
13 tels, *exclusive of inventories, used in business of telephone, telegraph and*
14 *messenger systems, companies, corporations or associations subject to tax*
15 *under chapter 4, laws of 1940, as amended, and shall not include any tan-*

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

16 gible personal property whatsoever whether or not such personalty is evi-
17 denced by a tangible or intangible chose in action, except as otherwise
18 provided by section 54:4-20 hereof. Property omitted from any assessment
19 may be assessed by the county board of taxation, *or otherwise*, within such
20 time and in such manner as shall be provided by law. [The person assessed
21 for personal property shall be personally liable for the taxes thereon.]

1 2. The standard of value according to which tangible personal prop-
2 erty used in business subject to taxation shall be assessed shall be the true
3 value thereof. Such assessment shall be expressed in terms of the taxable
4 value of the property.

1 3. The true value of taxable tangible personal property used in busi-
2 ness owned by a taxpayer shall be presumed to be the original cost of such
3 property less depreciation as of the assessment date, as shown by the books
4 and records of the person assessed, provided that the true value of depre-
5 ciable property shall, so long as such property remains in use or is held for
6 use, be presumed to be not less than 20% of its original cost. Where it is
7 impracticable with respect to items of like property, held by the taxpayer
8 in more than one taxing district, to maintain cost records which account
9 separately for each such item of such depreciable property or to assess each
10 item separately, the taxpayer may maintain its cost, value and depreciation
11 records relative to such property by averaging in group or composite ac-
12 counts. The Director of the Division of Taxation may promulgate uniform
13 rules and regulations for the determination and reporting of costs, depre-
14 ciation and values of subject property as he may find necessary to provide
15 for fair and equal assessments.

1 4. The true value of tangible personal property used in business sub-
2 ject to taxation shall be determined as of January 1, 1967, which shall be
3 the assessment date with respect to taxes payable in the year 1968, and as
4 of January 1 annually thereafter, which date shall be the date as of which
5 the assessment is made with respect to the taxes payable in the succeeding
6 calendar year.

1 5. (a) The taxable value of tangible personal property used in business
2 subject to taxation in each taxing district shall be at that percentage of true
3 value as shall correspond to the average ratio of assessed to true value of
4 real property promulgated by the Director of the Division of Taxation on
5 October 1 of the pretax year, pursuant to chapter 86, laws of 1954, for State
6 school aid purposes, as the same may have been modified by the Division of
7 Tax Appeals; provided, nevertheless, that such average ratio shall not exceed
8 the percentage level, in effect in the tax year, for expressing the taxable value
9 of real property in the county. In the year in which a taxing district shall
10 have completed and put into operation a district-wide adjustment of real
11 property taxable valuations to conform to the percentage level established
12 for expressing the taxable value of real property in the county, and if a state-
13 ment to such effect has been included by the assessor in the affidavit pre-
14 scribed by section 54:4-36 of the Revised Statutes, the average ratio shall be
15 presumed, subject to rebuttal, to be the same level as is established for the
16 taxable value of real property in the county.

17 (b) The taxable value determined pursuant to subsection (a) of this sec-
18 tion shall be taxed at the general real property tax rate of the taxing dis-
19 trict wherein such property is found, for the use of such taxing district, in
20 the manner provided by law. The person assessed for personal property
21 shall be personally liable for the taxes thereon.

1 6. On or before September 1, 1967, and on or before September 1 in each
2 year thereafter, any person owning tangible personal property used in busi-
3 ness subject to taxation on the preceding assessment date shall prepare and
4 file with the assessor of the taxing district where the property is located a
5 return of such taxable personal property in such form and containing such
6 information relating thereto as the Director of the Division of Taxation shall
7 prescribe. The return shall list such property for taxation according to its
8 true value as of the preceding assessment date, and a separate return shall be
9 required for personal property situated in each taxing district. All such re-
10 turns shall be verified by the owner or his authorized agent under the pen-
11 alty of perjury. The assessors of the respective taxing district shall review

12 and audit the returns and determine the taxable valuations of each tax-
13 payer. On or before January 10 in each year, the respective assessors shall
14 complete such review, audit and determination. The assessor of each taxing
15 district shall include in his tax list and duplicate the taxable valuations of
16 tangible personal property determined by him.

1 7. If any taxpayer shall refuse or neglect to file a return as required by
2 the preceding section, the assessor shall value the taxable personal property
3 of such taxpayer at such amount as he may, from any information in his
4 possession or available to him, reasonably determine to be the taxable value
5 at which such property is assessable. Any taxpayer who fails or neglects to
6 file a return within the time required shall be assessed a penalty of \$100.00
7 for each day of such delinquency, but not in excess of the greater of \$100.00
8 or 25% of the tax. All penalties shall be added to and become part of the
9 tax and shall be enforceable and collectible in the same manner as the tax
10 or pursuant to the penalty enforcement law (chapter 58 of Title 2A of the
11 New Jersey Statutes) in a summary manner. Such penalties shall be as-
12 sessed by the assessor and be payable to and recoverable by the tax collector
13 of the taxing district. The assessor, upon request made on or before the last
14 date for filing any return as fixed by law, may extend the time to file such
15 return to a date not later than the end of a 2-month period next following
16 such last date for filing, for good cause shown.

1 8. Section 54:3-17 of the Revised Statutes is amended to read as follows:

2 54:3-17. Each county board of taxation shall annually ascertain and de-
3 termine, according to its best knowledge and information, the general ratio
4 or percentage of true value at which the real property of each taxing dis-
5 trict is in fact assessed according to the tax lists laid before the board. It
6 shall prepare an equalization table showing, for each district, the following
7 items:

8 (a) the percentag level established pursuant to law for expressing the
9 taxable value of real property in the county;

10 (b) the aggregate assessed value of the real property, exclusive of class
11 II railroad property;

12 (c) the ratio of aggregate assessed to aggregate true value of the real
13 property, exclusive of class II railroad property;

14 (d) the aggregate true value of the real property, exclusive of class II
15 railroad property;

16 (e) the amount by which the valuation in item (b) should be increased
17 or decreased in order to correspond to item (d);

18 (f) the aggregate assessed value of machinery, implements and equip-
19 ment and all other personal property used in business[, other than inven-
20 tories, farm machinery, farm livestock, crops and produce];

21 (g) the aggregate [fair] true value of machinery, implements and equip-
22 ment and all other personal property used in business[, other than inven-
23 tories, farm machinery, farm livestock, crops and produce];

24 (h) the aggregate equalized valuation of machinery, implements and
25 equipment and all other personal property used in business, [other than
26 inventories, farm machinery, farm livestock, crops and produce,] computed
27 by multiplying the aggregate [fair] true value thereof by [65%;] the lower
28 of (1) that percentage level established pursuant to law for expressing the
29 taxable value of real property in the county, or (2) the average ratio of as-
30 sessed to true value of real property as promulgated by the director on Oc-
31 tober 1 of the pretax year, pursuant to chapter 86, laws of 1954, for State
32 school aid purposes, as the same may have been modified by the Division of
33 Tax Appeals;

34 (i) the amount by which the valuation in item (f) should be increased
35 or decreased in order to correspond to item (h)[;].

36 [(j) the aggregate assessed value of inventories (except inventories of
37 raw materials, supplies and small tools) used in business;

38 (k) the aggregate fair value of inventories (except inventories of raw
39 materials, supplies and small tools) used in business;

40 (l) the aggregate equalized valuation of inventories (except inventories
41 of raw materials, supplies and small tools) used in business, computed by
42 multiplying the aggregate fair value thereof by 25%;

43 (m) the amount by which the valuation in item (j) should be increased or
44 decreased in order to correspond to item (l);

45 (n) the aggregate assessed value of farm machinery, farm livestock,
46 crops and produce;

47 (o) the aggregate fair value of farm machinery, farm livestock, crops and
48 produce;

49 (p) the aggregate equalized valuation of farm machinery, farm livestock,
50 crops and produce, computed by multiplying the fair value thereof by 25%;

51 (q) the amount by which the valuation in item (n) should be increased or
52 decreased to correspond to item (p);

53 (r) the total of the aggregate equalized valuation of machinery, imple-
54 ments and equipment and all other personal property used in business, other
55 than inventories, farm machinery, farm livestock, crops and produce, com-
56 puted by multiplying the aggregate fair value thereof by 65%, as set forth
57 in item (h) above, plus the aggregate equalized valuation of inventories (ex-
58 cept inventories of raw materials, supplies and small tools) used in business,
59 computed by multiplying the aggregate fair value thereof by 25%, as set
60 forth in item (l) above, plus the aggregate equalized valuation of farm ma-
61 chinery, farm livestock, crops and produce, computed by multiplying the fair
62 value thereof by 25%, as set forth in item (p) above.】 A copy of the table
63 shall be mailed to the assessor of each district, and to the Division of Taxa-
64 tion, and be posted at the courthouse, at least 1 week before the hearings
65 provided for in section 54:3-18 of this Title.

1 9. Section 54:4-35 of the Revised Statutes is amended to read as follows:

2 54:4-35. The assessor shall determine his taxable valuations of real
3 property 【and taxable tangible personal property not used in business】 as
4 of October 1 in each year and shall complete the preparation of his assess-
5 ment list by January 10 following, on which date he shall attend before the
6 county board of taxation and file with the board his complete assessment list,
7 and a true copy thereof, to be called the assessor's duplicate. Such list
8 and duplicate shall include the assessments of personal property reported

9 or determined pursuant to this chapter. They shall be properly made up in
10 such manner and form required by the Director of the Division of Taxa-
11 tion pursuant to section 54:4-26 of this chapter, to be examined, revised and
12 corrected by the board as provided by law.

1 10. The director shall make, promulgate and enforce uniform rules and
2 regulations for the administration of this act.

1 11. If any provision of this act, or any application of any provision, is
2 held invalid, the invalidity shall not affect other applications of the pro-
3 vision, or other provisions of the act, which reasonably can be given effect
4 despite the invalidity.

1 12. The following statutes are hereby repealed but only with respect to
2 tangible personal property used in business for the year 1968 and thereafter.

3 a. Sections 4, 5, 6, 12 and 13 of chapter 51 of the laws of 1960 and all
4 amendments of such sections;

5 b. Sections 54:4-9 and 54:4-11 of the Revised Statutes and all amend-
6 ments of such sections;

7 c. Chapter 141 of the laws of 1964 and all amendments and supplements
8 thereto.

1 13. This act shall apply to real and personal property taxes due and pay-
2 able in the year 1968 and thereafter and shall not affect the obligation, lien
3 or duty to pay any taxes, interest or penalties which have accrued or may
4 accrue by virtue of any assessment made or which may be made with re-
5 spect to taxes levied for any year prior to the year 1968, nor shall this act
6 affect the legal authority to assess and collect taxes which may be or have
7 been due and payable prior to January 1, 1968, together with such interest
8 and penalties as would have accrued thereon under any provision of law
9 amended or repealed hereby; nor shall this act invalidate any assessments
10 or affect any proceeding for the enforcement thereof pending upon the
11 effective date of this act or upon January 1, 1968, or during the period be-
12 tween said dates.

1 14. This act shall take effect immediately.

CORRECTED COPY
ASSEMBLY, No. 858

STATE OF NEW JERSEY

INTRODUCED JUNE 6, 1966

By Assemblymen TANZMAN, FEKETY, WILENTZ,
BRIGIANI and DOREN

(Without Reference)

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8 shall be valued and assessed as provided by said act. An executory contract
9 for the sale of land, under which the vendee is entitled to or does take pos-
10 session thereof, shall be deemed, for the purpose of this act, a mortgage of
11 said land for the unpaid balance of purchase price. Personal property tax-
12 able under this chapter shall include, however, only intangible goods and chat-
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14 *messenger systems, companies, corporations or associations subject to tax*
15 *under chapter 4, laws of 1940, as amended, and shall not include any tan-*

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6 school aid purposes, as the same may have been modified by the Division of
7 Tax Appeals; provided, nevertheless, that such average ratio shall not exceed
8 the percentage level, in effect in the tax year, for expressing the taxable value
9 of real property in the county. In the year in which a taxing district shall
10 have completed and put into operation a district-wide adjustment of real
11 property taxable valuations to conform to the percentage level established
12 for expressing the taxable value of real property in the county, and if a state-
13 ment to such effect has been included by the assessor in the affidavit pre-
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4 possession or available to him, reasonably determine to be the taxable value
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7 for each day of such delinquency, but not in excess of the greater of \$100.00
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9 tax and shall be enforceable and collectible in the same manner as the tax
10 or pursuant to the penalty enforcement law (chapter 58 of Title 2A of the
11 New Jersey Statutes) in a summary manner. Such penalties shall be as-
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6 shall prepare an equalization table showing, for each district, the following
7 items:

8 (a) the percentag level established pursuant to law for expressing the
9 taxable value of real property in the county;

10 (b) the aggregate assessed value of the real property, exclusive of class
11 II railroad property;

12 (c) the ratio of aggregate assessed to aggregate true value of the real
13 property, exclusive of class II railroad property;

14 (d) the aggregate true value of the real property, exclusive of class II
15 railroad property;

16 (e) the amount by which the valuation in item (b) should be increased
17 or decreased in order to correspond to item (d);

18 (f) the aggregate assessed value of machinery, implements and equip-
19 ment and all other personal property used in business[, other than inven-
20 tories, farm machinery, farm livestock, crops and produce];

21 (g) the aggregate [fair] true value of machinery, implements and equip-
22 ment and all other personal property used in business[, other than inven-
23 tories, farm machinery, farm livestock, crops and produce];

24 (h) the aggregate equalized valuation of machinery, implements and
25 equipment and all other personal property used in business, [other than
26 inventories, farm machinery, farm livestock, crops and produce,] computed
27 by multiplying the aggregate [fair] true value thereof by [65%;] *the lower*
28 *of (1) that percentage level established pursuant to law for expressing the*
29 *taxable value of real property in the county, or (2) the average ratio of as-*
30 *essed to true value of real property as promulgated by the director on Oc-*
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32 *school aid purposes, as the same may have been modified by the Division of*
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37 raw materials, supplies and small tools) used in business;

38 (k) the aggregate fair value of inventories (except inventories of raw
39 materials, supplies and small tools) used in business;

40 (l) the aggregate equalized valuation of inventories (except inventories
41 of raw materials, supplies and small tools) used in business, computed by
42 multiplying the aggregate fair value thereof by 25%;

43 (m) the amount by which the valuation in item (j) should be increased or
44 decreased in order to correspond to item (l);

45 (n) the aggregate assessed value of farm machinery, farm livestock,
46 crops and produce;

47 (o) the aggregate fair value of farm machinery, farm livestock, crops and
48 produce;

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50 crops and produce, computed by multiplying the fair value thereof by 25%;

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55 than inventories, farm machinery, farm livestock, crops and produce, com-
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57 in item (h) above, plus the aggregate equalized valuation of inventories (ex-
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60 forth in item (l) above, plus the aggregate equalized valuation of farm ma-
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6 county board of taxation and file with the board his complete assessment list,
7 and a true copy thereof, to be called the assessor's duplicate. Such list
8 and duplicate shall include the assessments of personal property reported

9 or determined pursuant to this chapter. They shall be properly made up in
10 such manner and form required by the Director of the Division of Taxa-
11 tion pursuant to section 54:4-26 of this chapter, to be examined, revised and
12 corrected by the board as provided by law.

1 10. The director shall make, promulgate and enforce uniform rules and
2 regulations for the administration of this act.

1 11. If any provision of this act, or any application of any provision, is
2 held invalid, the invalidity shall not affect other applications of the pro-
3 vision, or other provisions of the act, which reasonably can be given effect
4 despite the invalidity.

1 12. The following statutes are hereby repealed but only with respect to
2 tangible personal property used in business for the year 1968 and thereafter.

3 a. Sections 4, 5, 6, 12 and 13 of chapter 51 of the laws of 1960 and all
4 amendments of such sections;

5 b. Sections 54:4-9 and 54:4-11 of the Revised Statutes and all amend-
6 ments of such sections;

7 c. Chapter 141 of the laws of 1964 and all amendments and supplements
8 thereto.

1 13. This act shall apply to real and personal property taxes due and pay-
2 able in the year 1968 and thereafter and shall not affect the obligation, lien
3 or duty to pay any taxes, interest or penalties which have accrued or may
4 accrue by virtue of any assessment made or which may be made with re-
5 spect to taxes levied for any year prior to the year 1968, nor shall this act
6 affect the legal authority to assess and collect taxes which may be or have
7 been due and payable prior to January 1, 1968, together with such interest
8 and penalties as would have accrued thereon under any provision of law
9 amended or repealed hereby; nor shall this act invalidate any assessments
10 or affect any proceeding for the enforcement thereof pending upon the
11 effective date of this act or upon January 1, 1968, or during the period be-
12 tween said dates.

1 14. This act shall take effect immediately.

FROM: OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE: FRIDAY
June 17, 1966

STATEMENT BY GOVERNOR RICHARD J. HUGHES
ON SIGNING OF BUSINESS TAX REFORM BILLS

The package of bills which I have approved today provides for the most sweeping reform of business taxes in the history of New Jersey. Together with the reform of State taxation, made possible through the earlier enactment of a broad-based tax, these measures -- most particularly the ones repealing and replacing the almost universally condemned Chapter 51 -- will enable New Jersey to offer, in addition to its other great attractions, an equitable tax structure to industries seeking a favorable location in which to grow and prosper. As an example, the benefits to manufacturing in this State will be enhanced by the elimination of sales allocation formulas which have burdened it for many years.

These reforms will bring tax stability without unduly burdening the business and industrial community and will resolve the perplexing problem of personal property taxation that has plagued this State during the past decade.

At this moment, I wish to express the extreme gratitude of the State to the members of the Governor's Committee on Local Property Taxation whose efforts have made this reform program possible and, most especially, to Assemblyman Tanzman whose leadership in the Legislature contributed substantially to the enactment of these measures.

A similar tribute must be extended to the Speaker of the General Assembly, Maurice Brady, the prime sponsor of Assembly Bill No. 862 which implemented the Eleventh Report of the Tax Policy Commission by providing for the reform of the taxation of Class II railroad property. This measure maintains the financial stability of the communities in which railroad property is located at the same time that it provides a more equitable method for the taxation of this property. Together with the new Department of Transportation, which I intend to approve in the near future, this bill will permit New Jersey to deal realistically and effectively with our commuter crisis and the modern problems associated with mass transportation.

The 1966 session of the New Jersey Legislature has distinguished itself in almost every area of governmental activity. This is certainly true with regard to education, law enforcement, motor vehicle safety and labor reforms. I believe, however, that it may be in the area of tax reform and business relief and assistance that this Legislature will have made one of its most lasting and significant contributions. No society and certainly no government in this day and age can function meaningfully without a stable economic base. In recognition of this, the Legislature has provided a strong and durable economic foundation for the future of New Jersey businesses and government.

(more)

The other measures which have been approved are also of extreme importance and indicate the great breadth of attention that has been given to the problems of business, industry and the economy of New Jersey during the past legislative session. The State Economic Development Assistance Act, for example, will give New Jersey a tool to encourage the location of business in this State. The revision of the Area Redevelopment Act will help provide financial assistance to businesses seeking to establish and prosper in this State, and the provisions of Senate Bill No. 21 will encourage both new and old businesses to conduct their activities with a regard for their responsibilities to the public to prevent the pollution of our vital resources.

No one realizes better than I that even the great achievements which we celebrate today do not resolve all of our problems confronting business and industry. Unquestionably, further improvements are possible, and we will strive to achieve them. It seems most appropriate, therefore, that at this moment of accomplishment we undertake to commit ourselves to continue our efforts to improve the climate of New Jersey not only for business and industry but for all of our citizens.

Earlier today I asked representatives of organized labor to work with this administration to achieve a better New Jersey. I ask this same cooperation from business and industry so that all segments of our society can work together to bring about these greater goals.

(A complete list of measures approved by Governor Hughes today is attached hereto.)

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