

R.S. 54:11A-1 et seq.

July 1, 1970

LEGISLATIVE HISTORY OF R.S. 54:11A-1 et seq.  
(Business Personal Property Tax)

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COPY NO.

This act was part of a package of laws which replaced Chapter 51 of 1960 (Chapter 133 through 138 of 1966).

See:

974.90 N.J. Governor's Committee on Local  
T235 Property Tax.  
1965c Report.

L. 1966, Chapter 136 - A856  
Introduced May 31 by Tanzman [and others].  
No statement.  
Amended twice in Assembly.

Governor made statement on signing the package of bills

For background see:

974.905 The Chapter 51 Tax Replacement Program -  
M96 Its background and development.  
New Jersey Municipalities, February 1967. ✓

Clippings at: N.J.--V.F.--Business Tax (1966).

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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

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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.

The other measures which have been approved are also of extreme importance and indicates 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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LIST OF BILLS TO BE APPROVED AT PUBLIC SIGNING  
FOR BUSINESS GROUPS

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1. Chapter 51 package.
    - a. S-170 - continues dual tax rate through 1967.
    - b. A-853 - applies gross receipts tax at rate of 1/20 of 1% to retail businesses. First \$150,000 of receipts exempt.
    - c. A-854 - increases corporate net income tax from 1 3/4 to 3 1/4%  
Changes sales allocation formulas.
    - d. A-855 - provides for the distribution of funds from replacement taxes to municipalities with a save harmless provision
    - e. A-856 - imposes State tax on business personal property other than inventories at a rate of \$1.30 per hundred dollars at 50% of original cost.
    - f. A-857 - imposes gross receipts tax at rate of 1/4 of 1% on unincorporated business. No tax on business grossing \$5,000 or less.
    - g. A-858 - repeals provisions of Chapter 51 concerning taxation of personal property except as it applies to telephone and telegraph property.
  2. Senate Bill No. 21 - exempts equipment designed primarily to assist with air pollution control.
  3. Assembly Bill No. 862 - revision of taxation on railroad property pursuant to the recommendations of Eleventh Report of New Jersey Commission on State Tax Policy.
  4. Sales Tax Amendments
    - a. A-848 - eliminates certain trucking activities from the State sales tax.
    - b. A-878 - eliminates cigarettes and clothing from the State sales tax.
  5. Assembly Bill No. 759 - State Economic Development Assistance Act -- provides for State assistance for plant location surveys and establishes a matching aid grant assistance program for economic development agencies.
  6. Assembly Bill No. 764 - amends the Area Redevelopment Law to conform with the provisions of the Public Works and Economic Development Act of 1965.
  7. Senate Bill No. 384 - establishes an Economic Policy Council in the Department of the Treasury to provide comprehensive information concerning the New Jersey economy.
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STATEMENT BY PAUL L. TROAST,  
CHAIRMAN OF THE BOARD,  
N. J. MANUFACTURERS ASSOCIATION,  
ON THE SIGNING INTO LAW OF THE  
"BUSINESS TAX REVISION PACKAGE"

For Immediate Release

Ever since the 1957 Supreme Court decision in the Switz case there has been a search for a more equitable method of taxing business -- particularly business personal property. Three years of legislative discussion finally produced Chapter 51, Laws of 1960. The effective date for this enactment was, in turn, suspended for three successive years and then temporarily modified by a 1964 enactment for a period of two years (now extended to three). Such a history of tax uncertainty has been a major deterrent to industrial and economic development in New Jersey.

In attempting to find a way out of this dilemma the Governor's widely-representative committee soon realized it would be impossible to satisfy everyone. Certainly, no one is made happy by an increase in the corporate net income tax from 1 3/4 to 3 1/4%, nor by the imposition entirely new levies. While the "package draws approximately as much revenue from business as previous law, there are also certain positive aspects since it:

1. Ends a long period of tax instability.
2. Abolishes taxes on business inventory.
3. Removes certain inequities in the Corporation Business Tax Act by eliminating a provision which automatically attributes 40% of the intangibles of a domestic corporation to New Jersey and by substituting a destination sales rule for the present disadvantageous sales allocation factor.
4. Lowers the tax rate and tax yield on machinery and equipment.
5. Applies uniform rates to taxpayers, regardless of their location within the state.

If tax uncertainty has been the key deterrent to economic development in New Jersey, the Governor and Legislature have replaced this negative factor with an enactment which provides stability and certainty.

6/17/66

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