

SENATE, No. 2152

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED DECEMBER 13, 2004

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

SYNOPSIS

Prohibits imposition of the corporation business tax on certain foreign corporations that only store personal property in this State incident to its importation.

CURRENT VERSION OF TEXT

As introduced.



S2152 SWEENEY

2

1 AN ACT prohibiting the imposition of the corporation business tax on
2 certain foreign corporations by reason of their storage of certain
3 personal property in this State, amending P.L.1945, c.162.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 2 of P.L.1945, c.162 (C.54:10A-2) is amended to read
9 as follows:

10 2. Every domestic or foreign corporation which is not hereinafter
11 exempted shall pay an annual franchise tax for each year, as hereinafter
12 provided, for the privilege of having or exercising its corporate
13 franchise in this State, or for the privilege of deriving receipts from
14 sources within this State, or for the privilege of engaging in contacts
15 within this State, or for the privilege of doing business, employing or
16 owning capital or property, or maintaining an office, in this State. And
17 such franchise tax shall be in lieu of all other State, county or local
18 taxation upon or measured by intangible personal property used in
19 business by corporations liable to taxation under this act.

20 A foreign corporation shall not be deemed to be deriving receipts,
21 engaging in contacts, doing business, employing or owning capital or
22 property in the State, for the purposes of this act, by reason of (1) the
23 maintenance of cash balances with banks or trust companies in this
24 State, or (2) the ownership of shares of stock or securities in this State
25 if such shares or securities are pledged as collateral security, or
26 deposited with one or more banks or trust companies or brokers who
27 are members of a recognized security exchange, in safekeeping or
28 custody accounts, or (3) the taking of any action by any such bank or
29 trust company or broker, which is incidental to the rendering of
30 safekeeping or custodian service to such corporation, or (4)
31 notwithstanding any provisions of this section to the contrary, the
32 receipt, acceptance, transportation, handling or storage in this State of
33 tangible personal property, imported into the United States and held
34 in storage in this State for purposes of federal inspection or testing
35 incident to its importation, prior to the first shipment of the property
36 after the storage for purposes of federal inspection or testing incident
37 to its importation.

38 A taxpayer's exercise of its franchise in this State is subject to
39 taxation in this State if the taxpayer's business activity in this State is
40 sufficient to give this State jurisdiction to impose the tax under the
41 Constitution and statutes of the United States.

42 (cf: P.L.2002, c.40, s.1)

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

Matter underlined thus is new matter.

