

**SENATE, No. 2690**

**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

INTRODUCED JULY 9, 2020

**Sponsored by:**  
**Senator TROY SINGLETON**  
**District 7 (Burlington)**

**SYNOPSIS**

Prohibits imposition of CBT on certain foreign corporations by reason of employment of State residents who temporarily work remotely due to public health emergency.

**CURRENT VERSION OF TEXT**

As introduced.



S2690 SINGLETON

2

1 AN ACT prohibiting the imposition of the corporation business tax  
2 on certain foreign corporations by reason of their employment of  
3 State residents who temporarily work remotely due to a public  
4 health emergency, amending P.L.1945, c.162 (C.54:10A-  
5 1 et seq.).  
6

7 **BE IT ENACTED** by the Senate and General Assembly of the State  
8 of New Jersey:  
9

10 1. Section 2 of P.L.1945, c.162 (C.54:10A-2) shall be amended  
11 to read as follows:

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

23 A foreign corporation shall not be deemed to be deriving  
24 receipts, engaging in contacts, doing business, employing or owning  
25 capital or property in the State, for the purposes of this act, by  
26 reason of (1) the maintenance of cash balances with banks or trust  
27 companies in this State, or (2) the ownership of shares of stock or  
28 securities in this State if such shares or securities are pledged as  
29 collateral security, or deposited with one or more banks or trust  
30 companies or brokers who are members of a recognized security  
31 exchange, in safekeeping or custody accounts, or (3) the taking of  
32 any action by any such bank or trust company or broker, which is  
33 incidental to the rendering of safekeeping or custodian service to  
34 such corporation, or (4) notwithstanding any provisions of this  
35 section to the contrary, the operation of a motor vehicle or motorbus  
36 operated over public highways or public places in this State for the  
37 carriage of passengers in transit from a location outside this State to  
38 a destination in this State and for the carriage of those passengers in  
39 transit from a location in this State to a location outside this State,  
40 or (5) the employment of a State resident who is temporarily  
41 working remotely from the State resident's domicile due to a public  
42 health emergency.

43 A taxpayer's exercise of its franchise in this State is subject to  
44 taxation in this State if the taxpayer's business activity in this State

**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.

1 is sufficient to give this State jurisdiction to impose the tax under  
2 the Constitution and statutes of the United States.

3 As used in this section:

4 “Public health emergency” means an outbreak of infectious  
5 disease or pandemic for which an emergency is declared: (1) by the  
6 Governor during a state of emergency declared pursuant to  
7 P.L.1942, c.251 (C.App.A:9-33 et seq.), or a public health  
8 emergency declared pursuant to P.L.2005, c.222 (C.26:13-1 et seq.);  
9 (2) under the federal “Public Health Service Act,” (42 U.S.C. s.201  
10 et seq.); or (3) by the President of the United States as a public  
11 health emergency or major disaster under the “Robert T. Stafford  
12 Disaster Relief and Emergency Assistance Act,” (42 U.S.C. s.5155).  
13 (cf: P.L.2013, c.98)

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15 2. The State Treasurer may adopt, pursuant to the  
16 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-  
17 1 et seq.), rules and regulations necessary to implement the  
18 provisions of this act.

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20 3. This act shall take effect immediately.

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#### STATEMENT

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25 This bill prohibits the imposition of the corporation business tax  
26 on foreign (out-of-State) corporations whose only contact with the  
27 State of New Jersey is the employment of a State resident who is  
28 temporarily working from the State resident’s domicile due to a  
29 public health emergency. As used in this bill, “public health  
30 emergency” means an outbreak of infectious disease or pandemic  
31 for which an emergency is declared: (1) by the Governor during a  
32 state of emergency declared pursuant to P.L.1942, c.251  
33 (C.App.A:9-33 et seq.), or a public health emergency declared  
34 pursuant to P.L.2005, c.222 (C.26:13-1 et seq.); (2) under the  
35 federal “Public Health Service Act,”; (42 U.S.C. s.2101) or (3) by  
36 the President of the United States as a public health emergency or  
37 major disaster under the “Robert T. Stafford Disaster Relief and  
38 Emergency Assistance Act,” (42 U.S.C. s.5155).