

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 3490**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: MARCH 15, 2021

**SUMMARY**

**Synopsis:** Eliminates one percent tax on purchasers of Class 4A commercial property transferred for consideration in excess of \$1 million.

**Type of Impact:** Annual State General Fund revenue loss.

**Agencies Affected:** Department of the Treasury.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2021 and Thereafter</u></b>
<b>State Revenue Loss</b>	\$6 million

- The Office of Legislative Services (OLS) expects this bill to reduce State General Fund revenue by roughly \$6 million annually.
- The bill eliminates a one percent tax on the transfer of a controlling interest in an entity that directly or indirectly owns certain Class 4A commercial property, otherwise known as the controlling interest transfer tax (CITT). Based on data provided in the State’s accounting system from the past five full fiscal years, the CITT generated on average \$5.7 million in revenue annually.

**BILL DESCRIPTION**

This bill eliminates a tax on the purchaser in a non-deed transfer of a controlling interest in an entity that owns Class 4A commercial properties, equal to one percent of the total consideration paid, if the total consideration for the transfer is in excess of \$1 million. Class 4A commercial property is any kind of income-producing property other than property classified as vacant land, residential property or apartments, farm property, and industrial property.

The bill applies to transfers made on or after the first day of the second month next following the bill’s date of enactment.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS expects this bill to reduce State General Fund revenue by roughly \$6 million annually. The bill eliminates a one percent tax on the transfer of a controlling interest in an entity that directly or indirectly owns certain Class 4A commercial real property, otherwise known as the controlling interest transfer tax. Based on data available in the State's accounting system from the past five full fiscal years, the CITT generated on average \$5.7 million in revenue annually.

*Section: Revenue, Finance, and Appropriations*  
*Analyst: Scott A. Brodsky*  
*Principal Fiscal Analyst*  
*Approved: Thomas Koenig*  
*Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).