

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3490

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3490.

This bill eliminates the tax on the purchaser in a non-deed transfer of a controlling interest in an entity that owns Class 4A commercial properties, equal to 1 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 real property other than property classified as vacant land, residential property or apartments, farm property, and industrial property.

As reported by the committee, Senate Bill No. 3490 is identical to Assembly Bill No. 1269 (1R), as also reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services 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.