

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2233

STATE OF NEW JERSEY

DATED: JUNE 14, 2022

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2233.

This bill eliminates the one percent tax imposed on the purchaser, in a non-deed transfer, of a controlling interest in an entity that owns Class 4A commercial property, otherwise known as the controlling interest transfer tax (CITT), 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.

FISCAL IMPACT:

The Office of Legislative Services (OLS) expects this bill to reduce State General Fund revenue by roughly \$5 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 available in the State's accounting system from the past five full fiscal years, the CITT generated on average \$4.5 million annually.