

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3007

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 22, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3007, with committee amendments.

The bill makes numerous corrections and revisions to clarify and simplify various aspects of the changes that were enacted as part of P.L.2018, c.48 and P.L.2018, c.131. Those laws, among other things, mandated mandatory unitary combined returns on a water's-edge basis if no election for an affiliated group basis filing or world-wide group basis filing had been made. The laws also changed the application of the net operating losses from pre-allocation (called pre-apportionment in other states) to post-allocation (called post-apportionment in other states), updated the research and development credit, and amended the dividend received exclusion.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- 1) revise the dates on which certain provisions of the bill will first apply;
- 2) correct typographical errors;
- 3) provide that no penalties or interest shall accrue for underpayment of tax due to the retroactivity of parts of the bill;
- 4) provide that certain transfers of real property are not subject to the realty transfer fee; and
- 5) eliminate a provision from a Corporation Business Tax section of law which as introduced stated that a combined group shall be treated as one taxpayer for intercompany transfers for purposes of the realty transfer fee, the controlling interest transfer tax, and the bulk sales notice requirements. For sake of clarity, the requirement to treat a combined group as one taxpayer for intercompany transfers is instead put directly in the provisions of law dealing with the realty transfer fee, the controlling interest transfer tax, and the bulk sales notice requirements.

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to determine the magnitude and direction of the bill's net impact on annual State revenues. The OLS notes that various changes proposed by the bill

would codify existing administrative practices implemented by the Division of Taxation following the enactment of P.L.2018, c.48. Given that these changes are technical in nature and meant to clarify and conform to current practices, the OLS does not expect those changes to yield a discernible fiscal impact. Numerous other provisions in the bill, however will impact annual State revenue collections. The OLS cannot quantify these impacts due to a lack of available information and access to taxpayer data.