

ASSEMBLY, No. 4704

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 26, 2024

Sponsored by:

Assemblywoman SHAMA A. HAIDER

District 37 (Bergen)

Senator NICHOLAS P. SCUTARI

District 22 (Somerset and Union)

Co-Sponsored by:

Assemblywomen Reynolds-Jackson and Hall

SYNOPSIS

Imposes 2.5 percent corporate transit fee on taxpayers with allocated taxable net income in excess of \$10 million under CBT.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/28/2024)

A4704 HAIDER

2

1 AN ACT establishing a corporate transit fee and supplementing
2 P.L.1945, c.162 (C.54:10A-1 et seq.).

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4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. a. For purposes of this section:

8 "Allocated taxable net income" means taxable net income as
9 defined in subsection (w) of section 4 of P.L.1945, c.162
10 (C.54:10A-4).

11 "Combined group" means a combined group as defined in
12 subsection (z) of section 4 of P.L.1945, c.162 (C.54:10A-4).

13 "Public utility" means an entity as defined in subsection (q) of
14 section 4 of P.L.1945, c.162 (C.54:10A-4).

15 "S corporation" shall mean a New Jersey S corporation, as
16 defined in subsection (p) of section 4 of P.L.1945, c.162 (C.54:10A-
17 4), which does not make an election to be taxed as a C corporation
18 pursuant to either subsection (ff) of P.L.1945, c.162 (C.54:10A-4)
19 or subsection d. of section 3 of P.L.1993, c.173 (C.54:10A-5.22).

20 "Taxpayer" means any business entity or combined group that is
21 subject to tax, as provided in the Corporation Business Tax (1945),
22 P.L.1945, c.162 (C.54:10A-1 et seq.), except not including any S
23 corporation or public utility.

24 b. In addition to the tax paid by each taxpayer determined
25 pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5), each
26 taxpayer that has allocated taxable net income in excess of
27 \$10,000,000 for privilege periods beginning on and after January 1,
28 2024 through December 31, 2028 shall be assessed and shall pay a
29 surtax, to be known as the corporate transit fee, equal to 2.5 percent
30 of the allocated taxable net income of the taxpayer. The corporate
31 transit fee shall be due and payable in accordance with section 15 of
32 P.L.1945, c.162 (C.54:10A-15), and the corporate transit fee shall
33 be administered pursuant to the provisions of P.L.1945, c.162
34 (C.54:10A-1 et seq.). Notwithstanding the provisions of any other
35 law to the contrary, no credits shall be allowed against the corporate
36 transit fee liability computed under this section except for credits
37 for installment payments, estimated payments made with a request
38 for an extension of time for filing a return, or overpayments from
39 prior privilege periods.

40 c. Notwithstanding any other provision of law to the contrary,
41 the gross amount of all revenues received by the State from the
42 corporate transit fee collected pursuant to this section, except for
43 amounts credited to the special account in the General Fund created
44 pursuant to Article VIII, Section II, paragraph 6 of the New Jersey
45 Constitution, shall be deposited in the General Fund and, beginning
46 in Fiscal Year 2026 and thereafter, shall be appropriated annually
47 for the operating expenses of the New Jersey Transit Corporation
48 and to pay all or any portion of the State match required as a

1 condition of receiving federal funds made available to the New
2 Jersey Transit Corporation for capital projects eligible for federal
3 funds.

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5 2. This act shall take effect immediately and shall apply to
6 privilege periods beginning on and after January 1, 2024.

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STATEMENT

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11 This bill imposes a 2.5 percent surtax, to be called the
12 “Corporate Transit Fee,” on certain corporation business tax (CBT)
13 taxpayers that have New Jersey allocated taxable net income in
14 excess of \$10 million for privilege periods beginning on and after
15 January 1, 2024 through December 31, 2028.

16 The bill defines “allocated taxable net income” to mean the same
17 as the term “taxable net income” is defined in the Corporation
18 Business Tax Act (C.54:10A-1 et seq.) for purposes of calculating a
19 taxpayer’s CBT liability.

20 The Corporate Transit Fee would be imposed in addition to the
21 taxpayer’s regular CBT liability, except that the surtax would not be
22 imposed on any S corporation or public utility. No credits would be
23 allowed against the corporate transit fee, except for credits for
24 installment payments, estimated payments made with request for an
25 extension of time for filing a return, or overpayments from prior
26 privilege periods.

27 All revenue collected from the Corporate Transit Fee, except for
28 amounts constitutionally dedicated for open space, farmland, and
29 historic preservation, would be deposited into the General Fund
30 and, beginning in State fiscal year 2026, appropriated annually to
31 support New Jersey Transit’s operating expenses and to pay for the
32 State’s matching funds required to receive federal funding for
33 eligible New Jersey Transit capital projects.