New Jersey ranks 41st overall for mature operations and 27th overall for newly established operations. Specifically:

- New Jersey ranks 50th for mature call centers, with the highest tax burden in the nation. This firm has a total effective tax rate (TETR) of 33.1 percent, nearly 60 percent above the national average. The major factors contributing to this high tax burden are the state's 9.0 percent corporate tax rate, the high wage limit for unemployment insurance (UI) taxes, and very high tax rates on land and buildings.

- The state ranks 19th for mature capital-intensive manufacturing, which has a tax burden roughly 17 percent below the national average. This is the only mature firm that has a below-average tax burden. This firm has an average income tax burden thanks to the state's apportionment factor, which is weighted toward sales, and a modest property tax burden. However, the firm has one of the highest UI tax burdens for any firm of this type.

- New Jersey ranks eighth for new capital-intensive manufacturing, with a tax burden that is 48 percent below the national average. In large measure, this result is driven by the state's generous tax incentives. New Jersey offers a withholding rebate roughly twice the national average. And, of the 22 states with job credits, New Jersey's is second-most generous. Also, New Jersey is one of the few states that do not apply the property tax to equipment.

- For new operations, four of the seven firm types have above-average tax burdens. New Jersey ranks 47th for new distribution centers, with a tax burden nearly 58 percent above the national average. Although the state's apportionment formula and a modest withholding tax rebate give this firm one of the lowest income tax burdens of this firm type, it faces among the highest burdens for UI and property taxes.
New Jersey

Corporate income tax

<table>
<thead>
<tr>
<th>Main tax rate</th>
<th>9.000%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies to income over</td>
<td>$100,000</td>
</tr>
<tr>
<td>Specific adjustments:</td>
<td>- s.199 deduction allowed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Apportionment</th>
<th>Property</th>
<th>Payroll</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard factors</td>
<td>25.0%</td>
<td>25.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Optional alternative</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Throwback applies to tangible property sales</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interstate services income apportionment</td>
<td>IPA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales and property tax

<table>
<thead>
<tr>
<th>Metro areas examined</th>
<th>Sales tax</th>
<th>Property tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Main rate</td>
<td>Land</td>
</tr>
<tr>
<td>Tier 1 Newark</td>
<td>7.000%</td>
<td>1.953%</td>
</tr>
<tr>
<td>Tier 2 Trenton</td>
<td>7.000%</td>
<td>3.519%</td>
</tr>
</tbody>
</table>

a. Manufacturing machinery is exempt from sales tax

Other taxes

<table>
<thead>
<tr>
<th>Unemployment insurance</th>
<th>State capital tax</th>
<th>Gross receipts tax</th>
<th>Local income tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>Max. pay</td>
<td></td>
<td>Mfg.</td>
</tr>
<tr>
<td>3.30%</td>
<td>$29,600</td>
<td></td>
<td>n/a</td>
</tr>
<tr>
<td>Tier 2</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Incentives for newly established operations

<table>
<thead>
<tr>
<th>Type</th>
<th>Incentive value</th>
<th>MC</th>
<th>ML</th>
<th>CC</th>
<th>DC</th>
<th>CO</th>
<th>RD</th>
<th>RT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>2% of eligible capital investment</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job creation</td>
<td>0.3375% of investment per 50 jobs created</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Withholdings</td>
<td>50% of new withholdings x 8 years</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>10% of in-state R&amp;D expenses, per federal concepts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property tax</td>
<td>66% abatement x 1 year + 5-year phase-in</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Results

<table>
<thead>
<tr>
<th>Newly established operations</th>
<th>Mature operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 2 operations</td>
<td>Tier 1 operations</td>
</tr>
<tr>
<td>TETR</td>
<td>MC</td>
</tr>
<tr>
<td>5.9%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Index</td>
<td>51.4</td>
</tr>
<tr>
<td>Rank</td>
<td>8</td>
</tr>
</tbody>
</table>

MC= Capital-Intensive Manufacturing Operation, ML= Labor-Intensive Manufacturing Operation, CC= Call Center, DC= Distribution Center, CO= Corporate Headquarters, RD= Research and Development (R&D) Facility, RT= Retail Store