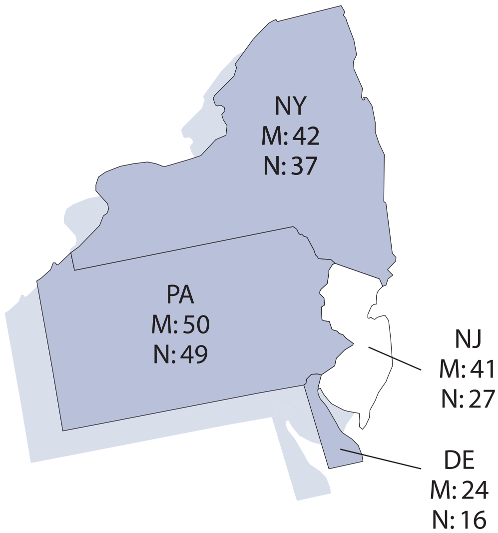
New Jersey

M = Rank for mature firms
N = Rank for new firms



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

Main tax rate	9.000%
Applies to income over	$100,000
Specific adjustments:	
- s.199 deduction allowed	

Apportionment	Property	Payroll	Sales
Standard factors	25.0%	25.0%	50.0%
Optional alternative	n/a	n/a	n/a
Throwback applies to tangible property sales			No
Interstate services income apportionment			IPA

Sales and property tax

Metro areas examined		Sales tax	Property tax			
		Main rate[a]	Land	Buildings	Equipment	Inventory
Tier 1	Newark	7.000%	1.953%	1.953%	–	–
Tier 2	Trenton	7.000%	3.519%	3.519%	–	–
a.	Manufacturing machinery is exempt from sales tax					

Other taxes

Unemployment insurance		State
Rate	Max. pay	capital tax
3.30%	$29,600	n/a

	Gross receipts tax			Local
	Mfg.	Services	Retail	income tax
Tier 1	n/a	n/a	n/a	n/a
Tier 2	n/a	n/a	n/a	n/a

Incentives for newly established operations

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

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

Results

	Newly established operations								Mature operations							
	Tier 2 operations				Tier 1 operations			AVG	Tier 2 operations				Tier 1 operations			AVG
	MC	ML	CC	DC	CO	RD	RT		MC	ML	CC	DC	CO	RD	RT	
TETR	5.9%	11.8%	33.5%	56.9%	16.4%	14.2%	29.9%		10.6%	13.7%	33.1%	46.5%	17.6%	14.9%	18.6%	
Index	51.4	101.0	134.6	157.5	101.5	96.3	91.7	**104.9**	83.3	117.4	157.7	151.6	112.2	115.6	109.8	**121.1**
Rank	8	28	38	47	27	19	17	**27**	19	38	50	47	41	37	36	**41**

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