

## CHAPTER 98

**AN ACT** prohibiting the imposition of the corporation business tax on certain foreign corporations by reason of their carrying passengers into and out of the State in a motor vehicle or motorbus, amending P.L.1945, c.162.

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

1. Section 2 of P.L.1945, c.162 (C.54:10A-2) is amended to read as follows:

C.54:10A-2 Payment of annual franchise tax.

2. Every domestic or foreign corporation which is not hereinafter exempted shall pay an annual franchise tax for each year, as hereinafter provided, for the privilege of having or exercising its corporate franchise in this State, or for the privilege of deriving receipts from sources within this State, or for the privilege of engaging in contacts within this State, or for the privilege of doing business, employing or owning capital or property, or maintaining an office, in this State. And such franchise tax shall be in lieu of all other State, county or local taxation upon or measured by intangible personal property used in business by corporations liable to taxation under this act.

A foreign corporation shall not be deemed to be deriving receipts, engaging in contacts, doing business, employing or owning capital or property in the State, for the purposes of this act, by reason of (1) the maintenance of cash balances with banks or trust companies in this State, or (2) the ownership of shares of stock or securities in this State if such shares or securities are pledged as collateral security, or deposited with one or more banks or trust companies or brokers who are members of a recognized security exchange, in safekeeping or custody accounts, or (3) the taking of any action by any such bank or trust company or broker, which is incidental to the rendering of safekeeping or custodian service to such corporation, or (4) notwithstanding any provisions of this section to the contrary, the operation of a motor vehicle or motorbus operated over public highways or public places in this State for the carriage of passengers in transit from a location outside this State to a destination in this State and for the carriage of those passengers in transit from a location in this State to a location outside this State.

A taxpayer's exercise of its franchise in this State is subject to taxation in this State if the taxpayer's business activity in this State is sufficient to give this State jurisdiction to impose the tax under the Constitution and statutes of the United States.

2. This act shall take effect immediately and apply to privilege periods beginning on or after January 1, 2013.

Approved August 7, 2013.