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**Subject: Recent New Jersey Legislation**  
**Date: August 24, 2006**

To Our Clients and Friends:

After a prolonged period of deliberation, the governor recently signed new tax legislation in New Jersey. Highlights of the legislation include:

1. the imposition of a 4 percent surtax on the annual corporation franchise tax liability for privilege periods ending on or after July 1, 2006 but before July 1, 2009;
2. an increase of the corporation business minimum tax (up to a maximum of \$2,000) for calendar years beginning in 2006 (the minimum tax shall now be based on gross receipts as defined under the alternative minimum assessment);
3. an increase (with certain transitional provisions) of the sales and use tax rate to 7 percent (formerly 6 percent) effective July 15, 2006;
4. an expansion of the sales and use tax base effective October 1, 2006 to include information services (defined as the furnishing of information of any kind which has been collected, compiled or analyzed by the seller, and provided through any means or method, other than personal or individual information which is not incorporated into reports furnished to other people);
5. a modification of the sales and use tax exemption for delivery charges, effective October 1, 2006, to subject to tax separately stated delivery charges on taxable property or services;
6. an expansion of the definition of seller for sales and use tax nexus purposes to include a person having an agent maintaining a place of business in New Jersey (a person is an agent of a seller if the person is a related entity of the seller, and the person and the seller use an identical or substantially similar name, tradename, trademark or goodwill to develop, promote or maintain sales, or the person and the seller pay for each other's services in whole or in part contingent upon the volume or value of sales, or the person and the seller share a common business plan or substantially coordinate their business plans, or the person provides services to, or that inure to the benefit of, the seller related to developing, promoting or maintaining the seller's market); and
7. the imposition (with certain transitional provisions) of a 1 percent realty transfer tax on grantees with respect to certain transfers (which may include transfers of controlling interests) of commercial property after July 31, 2006 where the consideration exceeds \$1 million.

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If you have any questions regarding the new tax legislation in New Jersey, or any other state and local tax matters, please do not hesitate to call.

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