

ASSEMBLY AGRICULTURE AND FOOD SECURITY
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 3113

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 2023

The Assembly Agriculture and Food Security Committee reports favorably and with committee amendments Assembly Bill No. 3113.

This bill, as amended by the committee, would provide a credit against the corporation business tax and the gross income tax for the value of certain donations of fruits and vegetables that are made to charitable organizations by commercial farm operators over a five-year period beginning January 1, 2024. Under the bill, commercial farm operators who make donations of fruits or vegetables, fit for human consumption, to a charitable organization located in this State during tax periods beginning on or after January 1, 2024, but before January 1, 2029, would be allowed to claim a credit to reduce the commercial farm operator's tax liability. The amount of the credit is to equal 10 percent of the wholesale value of the fruits or vegetables donated during the tax period. The bill would provide for unused credits to be carried forward, for earliest use, over the next five-year tax period. The bill would require commercial farm operators claiming the credit to obtain a written statement from the charitable organization to substantiate each donation of fruits or vegetables thereto. The bill would require commercial farm operators to include a copy of each such statement issued by a charitable organization when filing a tax return that includes a claim for the credit.

The bill would require the Director of the Division of Taxation in the Department of the Treasury to prepare an annual report on the utilization of the credits provided by the bill. The bill would provide that the report is to be prepared to document the utilization of credits by commercial farm operators in each year of the five-year period for which credits are allowed, and, at a minimum, is to describe: the number of taxpayers claiming the tax credits, the total dollar value of tax credits claimed by commercial farm operators, the wholesale value of fruits and vegetables donated, the counties in which the greatest percentage of fruits and vegetables were donated, and the food banks benefitting from the donated fruits and vegetables.

COMMITTEE AMENDMENTS:

The amendments to this bill:

(1) provide for tax credits authorized thereunder to be claimed during tax periods beginning on or after January 1, 2024, but before January 1, 2029 (not during tax periods beginning on or after January 1, 2022 and before January 1, 2027, as was provided by the introduced bill);

(2) reduce, from 20 tax periods to five tax periods, the number of time periods during which unused tax credits may be carried forward after the tax period in which the credits were initially allowed;

(3) authorize a commercial farm operator to claim a tax credit for the donation of certain fruits and vegetables thereby to any charitable organization, including, but not limited to, a food bank (not just for fruit and vegetable donations being made to food banks, as was provided by the introduced bill);

(4) require the Director of the Division of Taxation to prepare the first annual report on tax credit utilization rates, under the bill, by December 1, 2025 (not by December 1, 2023, as was provided by the introduced bill);

(5) require the Director of the Division of Taxation, upon failing to prepare an annual report before the date required by the bill, to testify before a legislative committee explaining the delay; and

(6) require the Office of the Food Security Advocate to maintain a list of all approved charitable organizations from which commercial farms may select when making food donations for the purposes of receiving a tax credit under the bill.