

SENATE ECONOMIC GROWTH COMMITTEE

STATEMENT TO

SENATE, No. 1619

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 26, 2023

The Senate Economic Growth Committee reports favorably Senate Bill No. 1619, with committee amendments.

As amended and reported, this bill would provide a temporary credit against the corporation business tax and the gross income tax based on the value of certain donated fruits and vegetables. Specifically, the tax credit would be made available to commercial farm operators who donate fruits or vegetables that are 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. The amount of the credit would equal 10 percent of the wholesale value of the fruits or vegetables donated during the tax period. However, if a commercial farm operator were unable to claim any portion of the credit otherwise permitted for a tax period, the unused credits could be carried forward for the earliest available use during the five tax periods following the period for which the credits were allowed.

Under the bill, a commercial farm operator would be required to obtain a written statement from the charitable organization before claiming the tax credit. In addition to certain other information, this statement would specify the variety, grade, and quantity of the donated fruits and vegetables and the wholesale value of the fruits and vegetables, as provided by the commercial farm operator. The bill would require a commercial farm operator to include a copy of each statement issued by a charitable organization when filing a tax return that claims the credit.

The bill would also 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. Under the bill, the director would be required to prepare this report by December 1, 2025, and on or before that same date in each of the following four years. However, if the director fails to prepare the annual report before the required date of completion, the director would be required to testify before the Senate Economic Growth Committee, the Assembly Agriculture and Food Security Committee, or any other legislative committee determined by the President of the Senate or the Speaker of the General Assembly, to explain the delay.

The committee amendments update the time period in which commercial farm operators could claim the tax credits. As amended, these credits could be claimed during tax periods beginning on or after January 1, 2024, but before January 1, 2029. As introduced, the credits would have been made available during tax periods beginning on or after January 1, 2022, but before January 1, 2027. In addition, the amendments reduce the time period in which unused tax credits could be carried forward from 20 tax periods to five tax periods following the tax period in which the credits were initially allowed.

The amendments also expand the scope of food donations that would be eligible for the tax credits. As amended, a commercial farm operator could claim a tax credit for the donation of certain fruits and vegetables provided to any charitable organization, including, but not limited to, food banks. As introduced, these credits would only have been made available for donations to food banks. .

The amendments also require the Director of the Division of Taxation to prepare the first annual report on the utilization of tax credits by December 1, 2025, not December 1, 2023. The amendments also provide that if the director fails to prepare the annual report before the required date of completion, the director would be required to testify before a legislative committee to explain the delay.