LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5527
STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: NOVEMBER 20, 2026

SUMMARY

Synopsis: Provides alcoholic beverage tax credits to certain breweries for donations of spent grain byproduct to commercial farm for agricultural or horticultural use.

Type of Impact: Annual State revenue decrease.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Revenue Decrease	$260,000 to $370,000

- The Office of Legislative Services (OLS) estimates that the bill would result in an annual State revenue decrease of approximately $260,000 to $370,000 as a result of the tax credits provided to qualifying breweries for donations of spent grain byproduct to commercial farms.

- The OLS notes that the actual State revenue decrease may be lower than anticipated because the bill limits the credit to $30,000 per brewery annually and prohibits credits from exceeding the brewery's alcoholic beverage tax liability. However, the OLS does not expect most breweries to reach the annual credit limit, given the existing volume of beer production in the State.

BILL DESCRIPTION

The bill provides a credit against the alcoholic beverage tax for breweries that donate spent grain byproduct, free of charge, to commercial farms in the State for agricultural or horticultural use. Eligible breweries include holders of limited brewery, restricted brewery, and farm brewery licenses.

The credit would equal 12 cents per pound of donated spent grain byproduct, measured by dry weight, up to a maximum of $30,000 per brewery annually. The credit may not reduce a brewery's alcoholic beverage tax liability below zero. Any unused credit may be carried forward for five tax years.

The bill requires breweries claiming the credit to maintain documentation of the quantity and type of spent grain donated, its dry weight, the recipient commercial farm, and the intended use of the donation.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill would result in an annual State revenue decrease of approximately $260,000 to $370,000 as a result of the tax credits provided to qualifying breweries for donations of spent grain byproduct to commercial farms.

According to the Brewers Association, a non-profit trade group, craft breweries in New Jersey produced approximately 161,000 barrels of beer in 2025. The Brewers Association further indicates that approximately 15 to 20 pounds of spent grain can be generated per barrel of beer brewed. Based on this average, craft breweries are expected to generate approximately 2.4 million to 3.2 million pounds of spent grain annually in New Jersey.

The Brewers Association indicates that roughly 90 percent of spent grain is currently reused, mainly as animal feed or compost. Assuming that 90 to 95 percent of the spent grain produced by craft breweries in the State is donated free of charge to qualifying commercial farms for a qualifying use, approximately 2.2 million to 3.1 million pounds of spent grain would qualify for the credit. Applying the bill's credit rate of $0.12 per pound results in $260,000 to $370,000 in potential annual revenue losses.

The OLS notes that the actual State revenue decrease may be lower than anticipated because the bill limits the credit to $30,000 per brewery annually and prohibits credits from exceeding the brewery's alcoholic beverage tax liability. Unused credits may be carried forward for five tax years. However, the OLS does not expect most breweries to reach the annual credit limit, given the existing volume of beer production in the State.

Section:	*Revenue, Finance, and Appropriations*
Analyst:	*Patrick Walsh* *Associate Fiscal Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).