

ASSEMBLY AGRICULTURE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2703

STATE OF NEW JERSEY

DATED: MAY 17, 2021

The Assembly Agriculture Committee reports favorably Assembly Bill No. 2703.

This bill establishes credits against the corporation business and gross income taxes for qualified farmers that develop housing for their agricultural workforce in the State. The amount of the available credit is 50 percent of the approved qualified costs incurred and paid by the taxpayer to construct, install, acquire, or rehabilitate the housing.

A taxpayer intending to claim the credit must apply in advance of completion of the housing to the Commissioner of Labor and Workforce Development. Following approval of an estimate of qualified costs by the commissioner, a taxpayer may claim a portion of the available credit for the taxable year or privilege period in which the housing is completed, and in any of the nine subsequent taxable years or privilege periods, subject to the provisions of the bill. No more than 20 percent of the total credit may be claimed in any one taxable year or privilege period. The agricultural workforce housing must continue to be used as agricultural workforce housing during any taxable year or privilege period for which the credit is claimed.

The bill defines agricultural workforce housing as housing that is exclusively occupied either seasonally or permanently by agricultural workers or farm employees and their immediate families, whether or not rent is paid, and that complies with all applicable laws, regulations, requirements, and standards. Agricultural workers are defined as those who, for compensation, work on a temporary or permanent basis, in the production, processing, planting, cultivating, handling, or harvesting of agricultural or horticultural crops or products. Under the bill, qualified costs include the costs of acquisition, finance, construction, installation, materials, permits, and capital expenditures for rehabilitation but do not include costs for the purchase of land on which the housing is located, routine maintenance expenses, and reserves.

The bill also contains provisions aimed at preventing misuse of the credit and provides for disallowance, or recapture of a credit previously allowed, in certain circumstances.