

ASSEMBLY, No. 4113

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Provides tax relief for State horseracing industry; establishes racetrack property tax reimbursement program and corporation business tax and gross income tax credits for certain expenses paid by permit holders and qualified racehorse owners.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** providing tax relief for the State horseracing industry by
2 establishing a racetrack property tax reimbursement program and
3 credits against the corporation business tax and the gross income
4 tax for certain expenses paid by permit holders and qualified
5 racehorse owners, supplementing Title 52 of the Revised
6 Statutes, P.L.1945, c.162 (C.54:10A-1 et seq.), and Title 54A of
7 the New Jersey Statutes.

8
9 **BE IT ENACTED** by the Senate and General Assembly of the State
10 of New Jersey:

11
12 1. a. There is established in the Department of the Treasury a
13 racetrack property tax reimbursement program for the purpose of
14 issuing grants to reimburse a permit holder for a portion of the
15 property tax that was due and paid on a qualified racetrack facility
16 during tax year 2020 and each tax year thereafter.

17 b. Each permit holder seeking a grant for reimbursement under
18 the program shall submit an application in such form and manner as
19 shall be prescribed by the State Treasurer. The application shall
20 include all information and documentation in support of the
21 application that the State Treasurer determines to be necessary and
22 appropriate to administer the program. All applications shall be
23 submitted on an annual basis on or before July 1 of the tax year
24 immediately following the tax year during which the property tax
25 was due and paid on the qualified racetrack facility.

26 c. The State Treasurer shall review each application submitted
27 pursuant to subsection b. of this section, and shall approve the
28 issuance of a grant of reimbursement to each permit holder that:

29 (1) has paid the property tax on a qualified racetrack facility
30 during the tax year to which the grant applies;

31 (2) has been issued a tax clearance certificate by the Director of
32 the Division of Taxation pursuant to section 1 of P.L.2007, c.101
33 (C.54:50-39) and is not otherwise delinquent or deficient with
34 respect to any payment of property tax on the qualified racetrack
35 facility to which the grant applies; and

36 (3) certifies to the State Treasurer that the permit holder will not
37 claim a tax credit allowed pursuant to subsection a. of section 2 or
38 subsection a. of section 3 of P.L. , c. (C.) (pending before the
39 Legislature as this bill) during a privilege period or taxable year that
40 begins or ends during the tax year to which the grant applies.

41 d. The value of each grant for reimbursement authorized to be
42 issued pursuant to subsection c. of this section shall be equal to 30
43 percent of the property tax that was due and paid by the permit
44 holder on the qualified racetrack facility during the tax year to
45 which the grant applies. Each grant for reimbursement shall be
46 made in the form of a lump-sum payment to the permit holder, or, at
47 the discretion of the State Treasurer, shall be made in installments
48 on a monthly basis over a period not to exceed 12 consecutive

1 months beginning with the first month an installment is paid. Each
2 grant for reimbursement shall be paid only from such funds as shall
3 be appropriated by law to the department for the purposes of the
4 program.

5 e. For the purposes of this section:

6 “Permit holder” means the holder of an annual permit to conduct
7 a horse race meeting issued by the New Jersey Racing Commission.

8 “Property tax” means payments to municipalities for which an
9 assessment by a municipality has been made on an ad valorem basis
10 on both land and improvements thereto, and shall include payments
11 made in lieu of taxes. “Property tax” shall not include interest,
12 penalties, fines, fees, or other charges paid for delinquent or
13 deficient taxes.

14 “Qualified racetrack facility” means the physical facility within
15 this State where a permit holder conducts horse race meetings and
16 parimutuel wagering in the manner and subject to compliance with
17 the standards set forth in P.L.1940, c.17 (C.5:5-22 et seq.).

18 “Tax year” means the calendar year in which property taxes are
19 due and payable.

20 f. Notwithstanding any provision of the “Administrative
21 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) to the
22 contrary, the State Treasurer may adopt immediately upon filing
23 with the Office of Administrative Law such rules and regulations as
24 the State Treasurer determines to be necessary and appropriate to
25 effectuate the purposes of the program established by this section,
26 which rules and regulations shall be effective for a period not to
27 exceed 360 days following the date of filing and may thereafter be
28 amended, adopted, or readopted by the State Treasurer in
29 accordance with the requirements of P.L.1968, c.410 (C.52:14B-
30 1 et seq.).

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32 2. a. (1) A taxpayer that is a permit holder shall be allowed a
33 credit against the tax imposed pursuant to section 5 of P.L.1945,
34 c.162 (C.54:10A-5), in an amount equal to 30 percent of either: the
35 qualified wages paid by the taxpayer during the privilege period to
36 each qualified employee or, at the discretion of the taxpayer, the
37 property tax that was due and paid by the taxpayer on a qualified
38 racetrack facility during the privilege period; provided, however,
39 that a taxpayer shall not be allowed a credit pursuant to this
40 subsection if the taxpayer is approved for the issuance of a grant of
41 reimbursement pursuant to section 1 of P.L. , c. (C.)
42 (pending before the Legislature as this bill) during the privilege
43 period for which the credit is allowed.

44 (2) A taxpayer that is the owner of a qualified racehorse shall be
45 allowed a credit against the tax imposed pursuant to section 5 of
46 P.L.1945, c.162 (C.54:10A-5), in an amount equal to 30 percent of
47 the amount due and paid by the taxpayer during the privilege period

1 to each licensed person for services rendered in connection with the
2 care and maintenance of the taxpayer's qualified racehorse.

3 b. The order of priority of the application of the credit allowed
4 pursuant to this section and any other credits allowed against the tax
5 imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) for
6 a privilege period shall be as prescribed by the director. The
7 amount of the credit applied pursuant to this section, added together
8 with any other credit allowed against the tax imposed pursuant to
9 section 5 of P.L.1945, c.162 (C.54:10A-5), shall not exceed 50
10 percent of the tax liability otherwise due for the privilege period
11 and shall not reduce the tax liability for a privilege period to an
12 amount less than the statutory minimum provided in subsection (e)
13 of section 5 of P.L.1945, c.162. Unused credit resulting from the
14 limitations of this subsection may be carried forward, if necessary,
15 for use in the seven privilege periods following the privilege period
16 for which the credit is allowed.

17 c. As used in this section:

18 "Licensed person" means a person who is required to be licensed
19 by the New Jersey Racing Commission at a qualified racetrack
20 facility in connection with the conduct of horse race meetings.

21 "Permit holder" means the holder of an annual permit to conduct
22 a horse race meeting issued by the New Jersey Racing Commission.

23 "Property tax" means payments to municipalities for which an
24 assessment by a municipality has been made on an ad valorem basis
25 on both land and improvements thereto, and shall include payments
26 made in lieu of taxes. "Property tax" shall not include interest,
27 penalties, fines, fees, or other charges paid for delinquent or
28 deficient taxes.

29 "Qualified employee" means an individual employed at a
30 qualified racetrack facility by a permit holder.

31 "Qualified racehorse" means a standardbred or thoroughbred
32 horse that runs in two or more races held at a qualified racetrack
33 during the privilege period for which the credit is allowed pursuant
34 to this section.

35 "Qualified racetrack facility" means the physical facility within
36 this State where a permit holder conducts horse race meetings and
37 parimutuel wagering in the manner and subject to compliance with
38 the standards set forth in P.L.1940, c.17 (C.5:5-22 et seq.).

39 "Qualified wages" means salary, wages and remuneration subject
40 to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.,
41 paid to a qualified employee for labor rendered in service to or on
42 behalf of a permit holder at a qualified racetrack facility.

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44 3. a. (1) A taxpayer that is a permit holder shall be allowed a
45 credit against the tax due pursuant to the "New Jersey Gross Income
46 Tax Act," N.J.S.54A:1-1 et seq., in an amount equal to 30 percent
47 of either: the qualified wages paid by the taxpayer during the
48 taxable year to each qualified employee or, at the discretion of the

1 taxpayer, the property tax that was due and paid by the taxpayer on
2 a qualified racetrack facility during the taxable year; provided,
3 however, that a taxpayer shall not be allowed a credit pursuant to
4 this subsection if the taxpayer is approved for the issuance of a
5 grant of reimbursement pursuant to section 1 of P.L. , c. (C.)
6 (pending before the Legislature as this bill) during the taxable year
7 for which the credit is allowed.

8 (2) A taxpayer that is the owner of a qualified racehorse shall be
9 allowed a credit against the tax due pursuant to the “New Jersey
10 Gross Income Tax Act,” N.J.S.54A:1-1 et seq., in an amount equal
11 to 30 percent of the amount due and paid by the taxpayer during the
12 taxable year to each licensed person for services rendered in
13 connection with the care and maintenance of the taxpayer’s
14 qualified racehorse.

15 b. The order of priority of the application of the credit allowed
16 pursuant to this section and any other credits allowed against the tax
17 due pursuant to the “New Jersey Gross Income Tax Act,”
18 N.J.S.54A:1-1 et seq. for a taxable year shall be as prescribed by the
19 director. The amount of the credit applied pursuant to this section,
20 added together with any other credit allowed against the tax
21 imposed pursuant to the “New Jersey Gross Income Tax Act,”
22 N.J.S.54A:1-1 et seq., shall not reduce the tax liability otherwise
23 due for a taxable year to an amount less than zero. Unused credit
24 resulting from the limitations of this subsection may be carried
25 forward, if necessary, for use in the seven taxable years following
26 the taxable year for which the credit is allowed.

27 c. (1) A business entity classified as a partnership for federal
28 income tax purposes shall not be allowed a credit directly under
29 N.J.S.54A:1-1 et seq., but the amount of credit of the taxpayer in
30 respect of a distributive share of partnership income shall be
31 determined by allocating to the taxpayer that proportion of the
32 credit acquired by the partnership that is equal to the taxpayer’s
33 share, whether or not distributed, of the total distributive income or
34 gain of the partnership for its taxable year ending within or with the
35 taxpayer’s taxable year.

36 (2) A New Jersey S corporation shall not be allowed a credit
37 directly under N.J.S.54A:1-1 et seq., but the amount of credit of a
38 taxpayer in respect of a pro rata share of S corporation income shall
39 be determined by allocating to the taxpayer that proportion of the
40 credit acquired by the New Jersey S corporation that is equal to the
41 taxpayer’s share, whether or not distributed, of the total pro rata
42 share of S corporation income of the New Jersey S corporation for
43 its privilege period ending within or with the taxpayer’s taxable
44 year.

45 d. As used in this section:

46 “Licensed person” means a person who is required to be licensed
47 by the New Jersey Racing Commission at a qualified racetrack
48 facility in connection with the conduct of horse race meetings.

1 “Permit holder” means the holder of an annual permit to conduct
2 a horse race meeting issued by the New Jersey Racing Commission.

3 “Property tax” means payments to municipalities for which an
4 assessment by a municipality has been made on an ad valorem basis
5 on both land and improvements thereto, and shall include payments
6 made in lieu of taxes. “Property tax” shall not include interest,
7 penalties, fines, fees, or other charges paid for delinquent or
8 deficient taxes.

9 “Qualified employee” means an individual employed at a
10 qualified racetrack facility by a permit holder.

11 “Qualified racehorse” means a standardbred or thoroughbred
12 horse that runs in two or more races held at a qualified racetrack
13 during the taxable year for which the credit is allowed pursuant to
14 this section.

15 “Qualified racetrack facility” means the physical facility within
16 this State where a permit holder conducts horse race meetings and
17 parimutuel wagering in the manner and subject to compliance with
18 the standards set forth in P.L.1940, c.17 (C.5:5-22 et seq.).

19 “Qualified wages” means salary, wages and remuneration subject
20 to the “New Jersey Gross Income Tax Act,” N.J.S.54A:1-1 et seq.,
21 paid to a qualified employee for labor rendered in service to or on
22 behalf of a permit holder at a qualified racetrack facility.

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24 4. This act shall take effect immediately; provided, however,
25 that section 2 and section 3 of this act shall apply retroactively to
26 privilege periods and taxable years beginning on or after January 1,
27 2020.

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STATEMENT

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32 This bill establishes a racetrack property tax reimbursement
33 program in the Department of the Treasury and provides credits
34 against the corporation business tax and the gross income tax for
35 certain expenses paid by permit holders and qualified racehorse
36 owners as a means to provide tax relief to the State’s horseracing
37 industry.

38 Under the bill, the property tax reimbursement program is
39 established in the department to issue grants to reimburse each
40 holder of an annual permit to conduct a horse race meeting for 30
41 percent of the property tax that was due and paid on a qualified
42 racetrack facility during tax year 2020 and each tax year thereafter.
43 To receive a grant of reimbursement under the program, the bill
44 requires each permit holder to submit an application to the State
45 Treasurer and to include all information and documentation in
46 support of the application that the State Treasurer determines to be
47 necessary and appropriate to administer the program.

1 The bill directs the State Treasurer to review each application
2 submitted, and to approve the issuance of a grant of reimbursement
3 to each permit holder that: (1) has paid all or a portion of the
4 property tax on a qualified racetrack facility during the tax year to
5 which the grant applies; (2) has been issued a tax clearance
6 certificate by the Director of the Division of Taxation and is not
7 otherwise delinquent or deficient with respect to any payment of
8 property tax on the qualified racetrack facility to which the grant
9 applies; and (3) certifies to the State Treasurer that the permit
10 holder will not claim the tax credit allowed pursuant to subsection
11 a. of section 2 or subsection a. of section 3 of the bill during a
12 privilege period or taxable year that begins or ends during the tax
13 year to which the grant applies.

14 The bill provides for each grant for reimbursement to be made in
15 the form of a lump-sum payment to the permit holder, or, at the
16 discretion of the State Treasurer, to be made in installment
17 payments on a monthly basis over a period not to exceed 12
18 consecutive months beginning with the first month an installment is
19 paid. The bill requires each grant for reimbursement to be paid only
20 from funds appropriated by law to the department for the purposes
21 of the program.

22 In addition, the bill provides credits against the corporation
23 business tax and the gross income tax for certain expenses paid by
24 permit holders and qualified racehorse owners. With respect to
25 credits for permit holders, the bill allows a permit holder a tax
26 credit equal to 30 percent of either: the qualified wages paid by the
27 taxpayer during the tax accounting period of the taxpayer to each
28 qualified employee or, at the discretion of the taxpayer, the property
29 tax that was due and paid by the taxpayer on a qualified racetrack
30 facility during the tax accounting period. The bill specifies that the
31 credit for permit holders is allowed only to the extent that the
32 permit holder has not been approved for the issuance of a grant of
33 reimbursement pursuant to section 1 of the bill during the tax
34 accounting period of the taxpayer for which the credit is allowed.

35 In terms of credits for qualified racehorse owners, the bill allows
36 a taxpayer that is the owner of a qualified racehorse a tax credit
37 equal to 30 percent of the amount due and paid by the taxpayer
38 during the taxable year to each licensed person for services
39 rendered in connection with the care and maintenance of the
40 taxpayer's qualified racehorse. The bill defines a "qualified
41 racehorse" as a standardbred or thoroughbred horse that runs in two
42 or more races held at a qualified racetrack during the tax accounting
43 period of the taxpayer for which the credit is allowed, and defines a
44 "licensed person" as a person who is required to be licensed by the
45 New Jersey Racing Commission at a qualified racetrack facility in
46 connection with the conduct of horse race meetings.

47 The bill is scheduled to take effect immediately upon enactment,
48 but provides for the sections of the bill establishing corporation

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- 1 business tax and gross income tax credits for certain expenses paid
- 2 by permit holders and qualified racehorse owners to apply
- 3 retroactively to tax accounting periods beginning on or after
- 4 January 1, 2020.